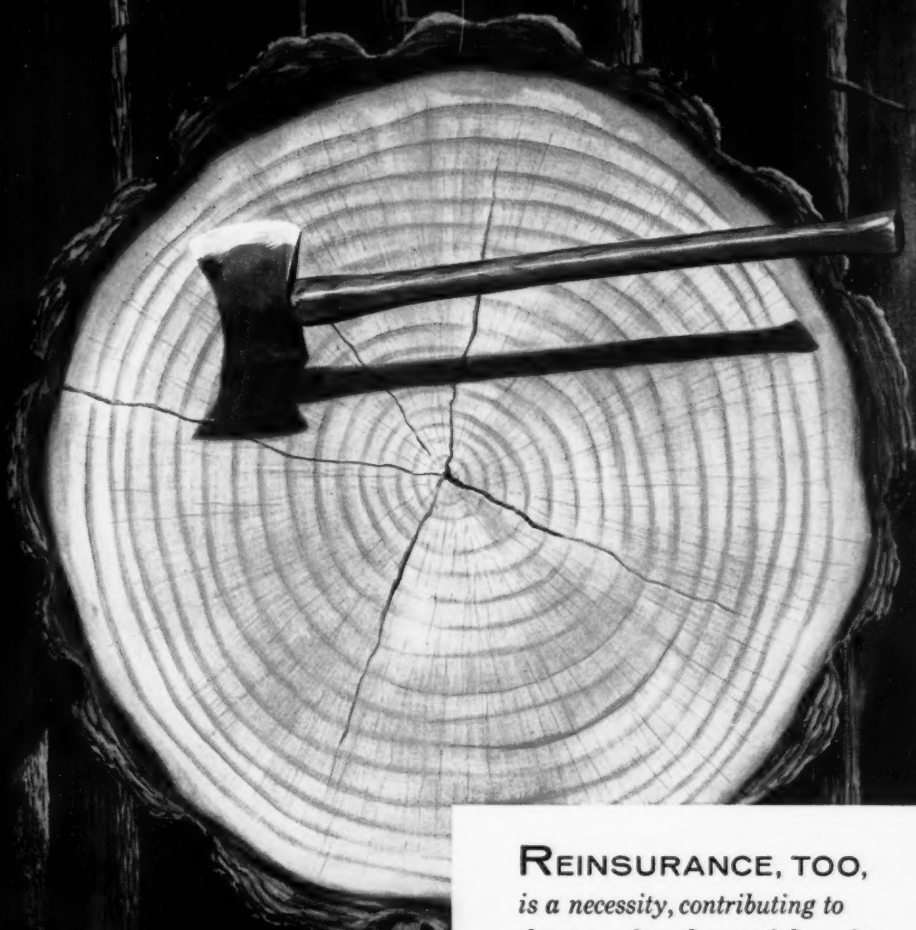


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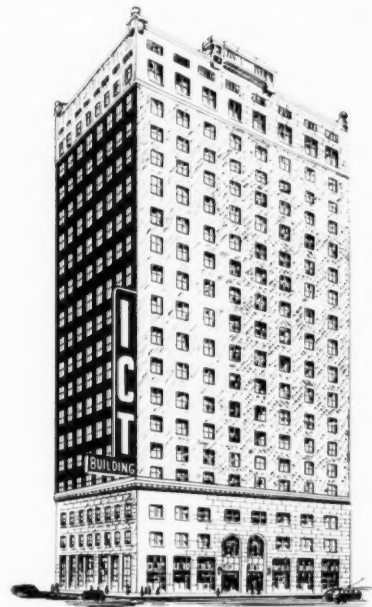
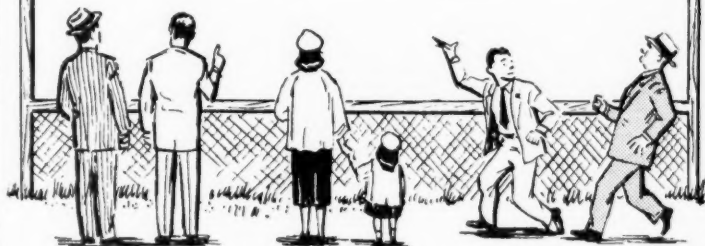
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The NATIONAL UNDERWRITER

The National Weekly Newspaper of Fire and Casualty Insurance

59th Year, No. 19
May 12, 1955

Allstate Rates Called Consistent With Commissions

**"If Our Rate Is too Low
for Us, NYFIRO's Is too
Low for Them," Says Moser**

NEW YORK—The hearing on the adequacy of Allstate's dwelling fire and extended coverage rates in New York state was highlighted by an explanation of commission rates paid by Continental, a charge that Allstate's rates were actually 36% lower than those of companies in New York Fire Insurance Rating Organization and a request by Superintendent Holz that NYFIRO rating counsel produce evidence that Allstate could not write fire insurance at the rate it is now doing.

Milton W. Mays, secretary and research director of America Fore group, of which Continental is a member, said the company pays commissions on dwelling policies on the following basis: 25% in ordinary territory (excluding large cities), 30% and a 10% contingent in Buffalo area, 25% and 10% contingent in the suburban area, 12% over brokerage, which is 20%, in the metropolitan area. The contingent percentage is a profit-sharing arrangement under which approximately 1% additional is paid on dwelling fire premiums.

In classes other than dwelling the company commission rate is 20% or less. Mr. Mays explained that the dwelling class has the lowest average premium in major classes of coverage.

Abraham Kaplan of Powers, Kaplan & Berger, counsel for NYFIRO, introduced as exhibits forms showing the rates paid by Continental and how the contingent is paid. Mr. Holz asked for an explanation of the contingent and Mr. Kaplan told him that when there is an underwriting profit on the business some agents receive a contingent fee.

Mr. Kaplan read a letter from P. M. Winchester, general manager of General Adjustment Bureau containing information on the cost of adjusting losses in 1954 on fire, automobile and windstorm claims.

Mr. Holz said he wasn't going to pay much attention to the letter and asked that Mr. Winchester be called, a request Mr. Kaplan said he would fill when the GAB official was able to appear.

The letter said that GAB adjusted about 235,000 fire losses in 1954 with an average loss of \$1,080. Average adjusting cost was 3.12% of paid insurance loss on each claim. The average loss on automobiles was \$247, with an average adjusting cost of 7.68%. Of \$35,000 windstorm claims serviced the average loss was \$160 and average adjusting cost 8.8%.

The letter also reported that the adjusting expense of run of the mill dwelling losses would be about the same as auto physical damage claims.

Henry S. Moser, vice-president and
(CONTINUED ON PAGE 40)

Timetable Given for NAIC Annual Meet May 30-June 3

The hour-by-hour program of committee meetings and plenary sessions, and the topics that are to be taken up, are listed for the annual meeting of National Assn. of Insurance Commissioners, scheduled for May 30-June 3 at the Biltmore hotel, Los Angeles.

Matters exclusively of interest to life insurance persons are not included.

Monday, May 30

9 a.m.—Subcommittee on examination's manual revision; chairman, R. O. Hooker, Connecticut, for Spellacy.

10—Subcommittee on examination's manual changes; chairman, Bowles, Virginia. 1. Subcommittee report of meeting December, 1954.

10—Subcommittee on multiple line underwriting; chairman, Pansing, Nebraska.

10—Subcommittee on statistical classifications for sprinklered risks; chairman, Jackson, Maryland.

11—Subcommittee on examination's methods, practices and law; chairman, R. O. Hooker, Connecticut.

11—Subcommittee to study proposed brokers minimum qualifications and licensing bill; chairman, McCarthy, Illinois.

1 p.m.—Subcommittee on Blue Cross-Blue Shield; chairman, Pansing, Nebraska. (1) Extended maternity benefits.

1—Subcommittee on uniform accounting, chairman, Navarre, Michigan. (1) Definition of inspection expenses and definition of acquisition, field supervision and collection expenses. (2) Industry uniform accounting committee report on bases of allocation. (3) Functionalization of various operating expense classification. (4) General revision of uniform accounting instructions.

2—Executive session, subcommittee on financial responsibility laws on a reciprocal basis between U. S. and Canada; chairman, Miller, Vermont.

2—Executive session, subcommittee to study NAIC constitution and by-laws; chairman, Bisson, Rhode Island.

3—Subcommittee on installment premium reporting in annual statements; chairman, Northington, Tennessee.

3—Subcommittee on workmen's compensation small policy economies; chairman, Bushnell, Arizona. (1) Report of technicians subcommittee meeting May 2, 1955.

4—Executive session, subcommittee to study enlarging the functions of the assistant secretary's office and methods of financing; chairman, Burt, South Dakota.

4—Subcommittee to study future sites for NAIC meetings; chairman, Sheehan, Minnesota.

5—Subcommittee to study reserves for guaranteed renewable A&H policies; chairman, Jackson, Maryland. (1) Principles governing the need for active life reserves in A&H insurance. (2) Various classes of A&H policies considered from the points of view of premiums and renewability: (a) non-can, general to age 60 or 65 with right of contract; (b) guaranteed renewable generally to age 60 or 65 with right to change rate structure; (c) substantially guaranteed renewable with right not to renew for reasons stated in the contract (e.g. fraudulent statements, etc.). (3) Analysis of types of coverage granted under 2 above: (a) disability income in event of accident or illness; (b) hospital and surgical expense insurance; (c) accidental death (lifetime or up to age 60 or 65); (d) disability income in event of accident; (e) major medical, with respect to the need for active life reserves. (4) Group A&H contingency reserves.

5—Insurance sales on U. S. military reservations committee. (reports to unauthorized insurance committee); chairman, Smith, Texas. (1) Sale of insurance on military reservations in U. S. and the operations in foreign fields (John J. Courtney, special counsel for armed services committee, Washington, D. C.).

Tuesday, May 31

9 a.m.—Executive committee; chairman, Taylor, Oregon. (1) Interstate commerce commission-proposed rules affecting state regulation of insurance. (2) Federal health reinsurance

(CONTINUED ON PAGE 43)

Need Positive Program To Meet N. Y. Compulsory

**N.Y. Agents Reelect
Officers, Holz Plans
Commingling Crack-down**

BY KENNETH FORCE

SYRACUSE—The problem of the financially irresponsible motorist is still around and does not appear any nearer to solution.

Arthur L. Schwab of Staten, Island, president, said in his administration report at the annual meeting here of New York State Assn. of Insurance Agents. Positive approach to this problem must be found or the business will be saddled with Massachusetts type compulsory law, he declared. Despite many talks with companies and efforts by a company committee to develop a solution, it has become obvious that the companies have had nothing to offer so far.

Superintendent Holz said the insurance department plans to crack down on commingling by producers. He will send a letter to all 70,000 plus producers in the state explaining the law that prohibits commingling of producer and insurer monies so that he can be sure all producers understand or know about it. Producers will sign and return a slip in the letter indicating receipt of it.

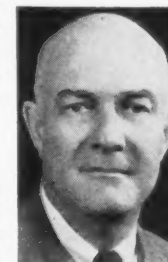
Then the department no longer will tolerate commingling. It is a serious offense and the law will be enforced. Some cases of commingling uncovered by the department have involved large sums and in one instance was so much as to affect the soundness of an insurer.

The department hereafter will publicize names of producers found guilty of commingling only when their licenses are revoked, he said.

Referring to the Allstate hearing, he said he is interested in getting at the facts. This is a matter of great public interest, he said. He is learning much about agency operation, direct selling, independent filings, etc., he commented, and has learned that there



A. L. Schwab



C. Fred Ritter



Leffert Holz

Late News Bulletins . . .

Resolutions Adopted by N. Y. Agents

Among resolutions adopted by New York State Assn. of Insurance Agents at its closing session in Syracuse was one authorizing a special committee to study and report by Nov. 1 on the solicitation of automobile insurance by auto dealers, finance companies and local banks making auto loans.

Another dealt with the fact that many agents and brokers whose primary business is other than insurance operate without indicating to the public their status as insurance producers. The legislative committee was instructed to prepare legislation to correct the situation. NAIA was requested to develop a program of publicity and public relations advertising the service of local agents.

Schenectady won the London Assurance public relations trophy.

National Bureau Elects and Reelects

NEW YORK—At its annual meeting here National Bureau reelected William Leslie general manager and James M. Cahill secretary, and reappointed all officers. New members of the executive committee are American, Crum & Forster, Hartford Accident, London Guarantee, New Amsterdam Casualty and Standard Accident. Committees were reappointed without change except for automobile rating on which American Surety, Fidelity & Casualty and Maryland Casualty are new; burglary rating where Century Indemnity, Hartford Accident, and Royal-Liverpool are new; general liability rating, commercial, Home Indemnity and U. S. F & G., and glass rating, Aetna Casualty, Glens Falls, and Travelers Indemnity.

N. C. Blue Bill Analyzed by A&H Bureau

Bureau of A&H Underwriters issued a special legislative bulletin to members analyzing the Blue bill enacted by the North Carolina assembly. The bulletin points out that the bill does not purport to make all A&H non-cancellable, but it purports to require that the statute define "sufficient notice" before a company, having decided to terminate the contract, can actually get off the risk. The sufficient notice during the first year is a minimum of 30 days prior to the premium due date and beyond the first year sufficient notice is a variable which increases progressively as the policy remains in force. Beginning at the first anniversary date sufficient notice "shall be the number of full months of continuous coverage from the first anniversary of the date of issue." The statute does not repeal or amend the optional cancellation provision

Navarre scores FTC citation tactics; story on Page 44

(CONTINUED ON PAGE 41)

Combs Denies Fire Rate Deviation, Says Practice Could Bring Chaos

Arkansas Commissioner Avers Varying Company Schedules Could Distort Rate-Making Statistics, Lead to Rate Wars Favoring Big Property Owner; Would Pass Savings in Expenses as Dividends

LITTLE ROCK—Commissioner Combs, in a lengthy formal opinion on May 6, denying the application of Assurance Company of America for a 20% deviation from established bureau fire rates on dwelling classes and a 15% cut on all other classes in Arkansas, warned that "if stock companies are permitted to deviate at will, we shall soon find rate-making in a state of competition and chaos with the end result that we would have no sound and realistic system of rates. This would destroy cooperative rate-making, the very thing the rating laws of Arkansas were designed to establish and maintain," he said.

The four page opinion goes to some lengths to reexamine some of the basic principles underlying fire insurance rates, particularly as related to the state's own obligation in the interest of the public—to see that rates are not inadequate, unreasonable, nor unfairly discriminatory. In doing so, the commissioner's opinion, in effect, becomes a statement of department policy with respect to an increasing number of applications for approval of so-called "cut rate" fire filings with which the department has found itself confronted in recent months.

The application of Assurance of America, Northern of New York's sister company, was the subject of a hearing, as provided by law, April 12 and was opposed by officials of Arkansas Inspection & Rating Bureau.

In denying the application, Commis-

sioner Combs first ruled that the data filed by the company on its nationwide experience was, in itself, not sufficient to support a deviation. "It has submitted no experience figures showing premiums and losses on Arkansas business because it has had no business in Arkansas," he said. Even its nationwide experience, if considered alone, would not justify deviation, he continued, for if its premiums were adjusted downward per its proposed rate cuts, its combined loss and expense ratio on an earned-incurred basis would come to 105.61%.

"The company is attempting to justify its request for deviation on the basis of 'anticipated' favorable loss ratio and not on the basis of substantial savings in expense. It claims that it 'anticipated' a favorable loss ratio on preferred risks, primarily dwellings merely through selective underwriting under public fire protection. But many companies follow this practice, and it is no guarantee of a favorable loss ratio," he said.

Assurance of America failed to show a savings in expense, he continued.

"The company stated that it intended to reduce its rate of commission to local agents from 30% to 25% on certain classes. Although this is a reduction for Assurance of America, it would still be higher than the commission paid by most companies operating in Arkansas. For example, the going rate of commission on dwelling classes is 20%, and if Assurance of America pays 25% on this class, its expense will be 5 points higher, or 25% more, than the usual rate of commission on this class," he observed.

The company testified at the hearing that its chief reason for requesting the deviation was to meet competition. "This reason does not meet with the requirements of the rating law in Arkansas, and this fact, along with others, would compel the department to deny the request," Mr. Combs stated. He went on to point out that Assurance is sponsored and wholly owned by Northern of New York. The latter company in Arkansas uses bureau rates, and if the deviation were granted, it would provide "a device for the parent organization to sell what insurance it can at bureau rates and use its subsidiary company to write business at a deviation when such business may not be

(CONTINUED ON PAGE 28)

Bond Bill for Agents Is Approved in N. C.

The North Carolina legislature has enacted into law a bill forbidding the licensing of anyone as an agent who has resided in the state for less than 12 months unless he posts a bond of \$1,000 forfeitable if he moves from the state during that period and which requires agents selling A&H and hospitalization policies to post bonds of \$500 each, to be forfeited if they misrepresent the terms of the policies.

Other A&H provisions require advertising to include reference to policy exceptions; provide that if the buyer is 65 or older preexisting conditions include only those specified on a rider and lower the incontestable period from three to two years.

Highlights of the Week's News

Education directors society to meet at Rye, N. Y., May 18-20Page 15
Indiana A&H agents association holds first convention at IndianapolisPage 25
Allstate goes to court on fire rate turn-down in WashingtonPage 5
President of H.A.A. Underwriters Conference stresses the need for uniform action on FTC chargesPage 8
Fire rate deviation denied in Arkansas, commissioner says practice could bring chaosPage 2
Former Allstate agent outlines method for overcoming competitionPage 2
Rules agents must return unearned premium to New York liquidatorPage 34
W. G. Demony new president of Alabama agents associationPage 34
B. C. Vitt advocates package policies to meet direct writer competitionPage 13
History, purposes of rate regulation discussed by Alfred J. BohlingerPage 15
Program given for individual A&H seminar at New York City, May 24-25Page 35
Ray Murphy answers New York Times editorial about compulsory autoPage 19
Commercial package policies analyzed by B. J. DaenzerPage 7
Arkansas agents slate Simon Joseph for president, to meet at Hot Springs May 19-20Page 37
Full agenda given for NAIC meet at Los AngelesPage 1
Hold hearing on Allstate fire rates in New YorkPage 1
New York agents plan resolute approach to forestall compulsory auto coverPage 1
Committees named to assist in organizing new, major trade association for A&HPage 32
Ralph Platts new president of Assn. of Casualty & Surety CompaniesPage 3
Commissioner Navarre of Michigan scores methods used by FTC in citing A&H insurersPage 44

Ex-Allstate Agent Tells How to Meet that Competition

SYRACUSE—Conrad W. Olson, who spent four years as an Allstate agent in Jamestown, N. Y., before entering the local agency field there with the Erickson agency, told the annual convention here of New York State Assn. of Insurance Agents how to meet Allstate competition. His story was followed with close attention by more than 600 conventioners, probably a record crowd for the local board forum. Mr. Olson said not to believe that the agency system is threatened with extinction by the direct writers. They are tough competition, but local agents can offer that kind of competition also. All the competition in Jamestown doesn't come from the direct writers.

Allstate's change in medical payments coverage, which it widely advertised, makes that cover excess of other collectible insurance only. This means, he indicated, that on many MP claims Allstate pays little or nothing—the company can afford to give it away. He cited an instance of a serious accident in which four persons were injured or killed and in which not one penny of MP was paid by Allstate. He said there are many such cases, and this weakness in coverage has enabled him to take more business away from Allstate than any other factor.

Another weakness of Allstate is its quickness to cancel coverage. The percentage of policies cancelled after one accident is very high, he said. The company cancels direct, it simply notifies insured and indicates the availability of the assigned risk plan. The agent is notified but has no voice in the matter. Insured treated in this manner, Mr. Olson finds, is eager to spread the word to his friends on how he has been treated. In one household Allstate had four auto policies. There was a class 2 accident costing \$140. The company cancelled all four. In another instance insured was on vacation, most of which he drove without insurance because the cancellation reached his address after he had started out—and he didn't know about it.

It is no wonder, Mr. Olson said, that Allstate has a full time public relations man in each branch. As to service, the Allstate agent is an employee and does as he is told or else, Mr. Olson declared. Allstate has a procedure manual which the agent has to follow to the letter. Endorsements are discouraged and too many can lead to cancellation. If the agent develops a good volume of business he has no time for service. The lack of service by Allstate on claims is a serious weakness of Allstate, he declared. Many claim men are recent law school graduates, and they seem to move on to other companies after a period with the company. The turnover is high, he said.

Claims men are rigidly limited in making settlements, he stated. Usually they cannot settle without word from a branch office, and the agent has nothing to say, of course, about settlements. The agent cannot intercede for insured. Neither insured nor agent has anything to say about the settlement of a claim—if it is going to be settled.

After the loss or claim is closed, the file goes to the underwriting department for review. This frequently re-

(CONTINUED ON PAGE 29)

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Renewed Fight for N. Y. Compulsory Law Seen in 1956

Assn. of Casualty & Surety Companies Hears Annual Reports

An effort to enact a compulsory automobile liability insurance law in New York State "may be renewed in full force" in 1956, Ray Murphy, general counsel of Assn. of Casualty & Surety Companies, said in his report distributed at the annual meeting in New York.

The report said there is considerable legislative sentiment in New York for a compulsory law and the governor "from time to time continues to show interest in the problem of the unpaid victims of financially irresponsible motorists."

Mr. Murphy, who explained in the report that no major effort was made to enact a compulsory measure in 1955, also said that "we of the staff are hopeful that well within the next few months the association may provide us with a clear cut program for 1956 in relation to compulsory automobile liability insurance, one we can take to the public and the legislature."

Officers Elected

President—Ralph H. Platts, director of Standard Accident (reelected).

Vice-President—Wallace Falvey, president of Massachusetts Bonding (reelected).

Company members of executive committee (3-year terms)—Fidelity & Deposit, Fireman's Fund Indemnity, General Accident, Hartford Accident, Indemnity of North America, and Maryland Casualty.

J. Dewey Dorsett and Ray Murphy were reelected general manager and general counsel respectively.

In his report, General Manager J. Dewey Dorsett emphasized the service of the association in accident prevention. Its efforts to arouse, to alarm, to move official force and public opinion against the rising accident rate contributed vitally to the fact that in 1954, for the first time in years, the tide of death, destruction and waste was halted and even rolled back.

Of the association's service to its members, the Dorsett report cited the inter-company arbitration agreement which last year rose to include 238 signatories, resulting in a savings of hundreds of thousands of dollars in litigation expenses.

The casualty advisory committee report discussed legislation it worked on during the year and stated that in connection with the new policy promulgated by the National Council on Compensation Insurance, changes in the laws of various states are necessary and desirable and the association is attempting to obtain enactment of legislation to accomplish this purpose.

The committee forecast that a great deal of consideration will be given country-wide in the near future to various phases of the compensation laws. The Labor Department is drafting a model compensation bill for country-wide consideration. It will be distributed shortly for comments and suggestions before being put into final form.

The surety law and surety advisory committees included in their joint report an unusual situation in Pennsylvania pertaining to qualification of

surety companies in certain courts.

For about 60 years some courts in Philadelphia county have claimed a constitutional right to qualify surety companies seeking to transact business in matters within the jurisdiction of such courts.

As part of the qualification of the companies, the auditors of court of common pleas annually "examined" the interested surety companies at their expense. These "examinations" served no useful purposes in light of the statutory examinations conducted under the applicable insurance laws of the

state. At various times over the years the association's fidelity and surety department has explored the possibility of obtaining relief, either by litigation or negotiation, but found neither course feasible.

However, the situation has improved in the past year. Counsel retained by the association has succeeded in negotiating with the board of judges a relaxation of the "examination" procedures so as to obviate them unless ordered by the court after a hearing.

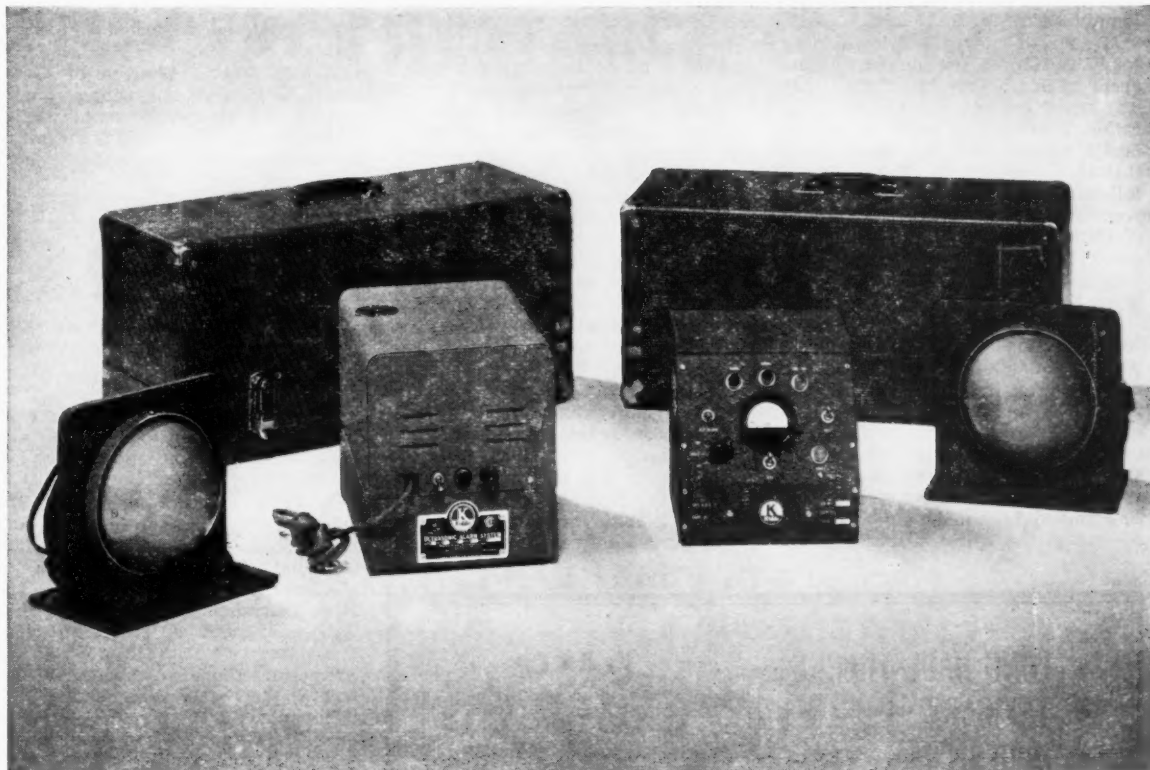
In the past the cost of each such annual examination varied directly with

the distance of the company's home office from Philadelphia. It is estimated that association members currently doing business in common pleas will in the aggregate save between \$5,000 to \$7,000 of unnecessary expense.

A review of its many activities was contained in the report of the public relations committee which has and continues to issue news releases to further public education in insurance rates, claims, research, safety practices, etc.

One phase of the department's safety (CONTINUED ON PAGE 39)

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When the system is turned on, the transmitter fills the entire area with "silent sound"—sound too high to be heard by the average human ear. This high-frequency sound is picked up by the receiver.

As long as there is no motion within the protected area, no signal reaches the alarm panel. But if an intruder enters the area, or if a door or window is opened, the electronic "brain" triggers the system *immediately*. Even if a thief conceals himself in the protected area *before* the system is turned on, his *first move* gives him away once you put the system into operation.

There is *no* way to beat the Kidde system. If power fails, or if a wire is cut . . . or if someone tries to sabotage any of the system components, tamper-proof devices instantly sound the alarm.

In addition to giving you the *best* protection you can buy, the Kidde system has the additional advantage of being portable. No expensive, permanent wiring is required, and the entire system can be shifted from one location to another with very little trouble. The system works on regular 110 volt, 60 cycle AC current, and can be plugged into any convenient outlet.

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Mutual Benefit H.&A. Case in South Carolina Involved Point of Law

The South Carolina supreme court in the case involving Mutual Benefit H.&A. and a South Carolina policyholder, reported in a recent issue of The National Underwriter, did not pass on the truth or falsity of the allegations, L. E. Thorngren, general legal solicitor for the company, told a correspondent in an interview at Omaha.

A file of the case at the home office contains certain data at variance with information alleged by the plaintiff, Simeon H. Gardner, the South Carolina policyholder, and does not show any wrong-doing on the part of the Mutual Benefit agent, M. R. Marsh.

Mr. Marsh, now a district manager for W. J. Morgan, the company general agent in South Carolina, denied there was any fraud in obtaining the application. There was no record of previous health history, and Mr. Marsh stated that none was offered by the plaintiff following the question: "Do you or your dependents now have hospital, disability, or accidental death insurance?" The answer was "No", and no information about another policy was given the agent.

Mr. Thorngren, queried by the National Underwriter correspondent, pointed out that the supreme court in the case held that it was proper for a plaintiff to join in one action the issue of misrepresentation as well as the question of whether or not benefits were payable under the policy. This was the only question before the court. The court did not make any attempt to pass upon the truth or falsity of the

allegations in the plaintiff's complaint or in the company's answer, and stated further that in a lower court proceeding "it may well be that the trial judge with the application and policies before him might properly conclude that certain paragraphs of the complaint should be stricken."

When plaintiff filed a series of claims with Mutual Benefit, it was found that previous health history not indicated on the application actually prevented his eligibility for coverage in the first place, and as a result his premium was refunded and the policy terminated. Nine months later, plaintiff brought suit against the company for benefits, asking \$502 and making no allegation of misrepresentation by the agent. Had plaintiff been entitled to benefits, his claim would actually have totaled \$275.

In view of questions of fact involved and the expense necessary to secure a determination of these issues, attorneys representing the company were instructed to consummate a settlement. The company was willing to conclude such a settlement and an amount had been agreed upon. Nevertheless, the original suit was terminated and the present action brought asking for punitive damages, alleging, for the first time, fraud and misrepresentation. Because of excessive demands for punitive damages, a settlement of the case was impossible and the appeal was brought.

Mr. Thorngren commented that during 1954 more than 600,000 claims were filed with his company and 1% of this number, covering all 48 states, ended up in the filing of lawsuits. "This is the best indication that our company is anxious to keep our policyholders satisfied," said Mr. Thorngren.

Merger Plan Is Key Issue at Conference Meeting

By JOHN C. BURRIDGE

TORONTO—With the question of taking the lead in implementing the proposed merger of all A&H trade organizations into a single new Health Insurance Council of America as the major issue, H&A Underwriters Conference is holding its annual meeting here this week. Discussion and vote on this highly significant proposal took place Wednesday afternoon. The leadership of the conference supports the plan.

The conference elected Frank S. Vanderbrouk of Monarch Life as president and Travis Wallace of Great American Reserve of Dallas as chairman of the executive committee. J. W. Scherr Jr., Inter-Ocean, the retiring president, was presented a gavel by Jarvis Farley of Massachusetts Indemnity as the sessions opened. Mr. Scherr's father was president of the conference when it met at Toronto 30 years ago, and Mr. Scherr opened the meeting with the gavel given his father on that occasion.

The program called for a day of recreation Monday, the evening being featured with a reception given by the host Canadian companies. These companies and the conference also sponsored a get-together Sunday evening for early arrivals.

On Tuesday the formal program got under way with the presidential and staff reports. Howard Hotz, Canadian A&H manager of Prudential, gave a talk on the sales potential of A&H. Other speakers on the program were W. F. Loughheed of Canadian Bank of Commerce, Robert R. Neal of the bureau-conference Washington office, Paul W. Watt of Washington National, Commissioner Joseph Navarre of Michigan, Guy Ferguson of Ferguson Personnel, and George R. Jordan of Republic National Life.

The meeting drew an exceptionally large attendance, not only because of the attractions of Canada, but because of the intense interest in the matter of consolidation. From the beginning of the meeting it was evident many thought this might be the last gathering of the conference, in its present form, will conduct.

Frank S. Vanderbrouk, the new conference president, is president of Monarch Life. He graduated from Yale University law school in 1931 and was a lieutenant in the navy during the war. He began his insurance career in 1934 with Aetna Casualty as a claim adjuster and attorney, and in 1936 joined Prudential as home office representative. He went with Monarch Life in 1938, becoming executive vice-president in 1948 and president in 1951.

Mr. Vanderbrouk has been a leader in conference activities for several years, and in 1953 was 2nd vice-president. He has served also as a member of the executive committee and as chairman of the public relations committee, and on the disability insurance coordinating committee.

The new executive committee chairman, Travis T. Wallace, started selling insurance when he was 18 while attending the University of Texas. He was a personal solicitor from 1922 until 1935, about 10 years of this time

with Business Men's Assurance. In 1935, Mr. Wallace organized his own company, Great American Reserve Life, as a mutual assessment company with \$500 in assets. It was reorganized as a limited capital stock company with \$25,000 capital in 1937, selling A&H almost exclusively until 1943. In the latter year the capital was raised to \$100,000 through stock dividends and life business was gone after aggressively. Great American Reserve now has more than \$3 million annual A&H premium income and more than \$100 million of life insurance in force. The present capital is \$1 million and the surplus is \$1,250,000.

Mr. Wallace, aside from being president of Great American Reserve, is president of the Institute of Insurance Marketing at Southern Methodist University, president of Texas division of American Cancer Society, president of Insurance Federation of Texas, and also vice-chairman of the conference public relations committee.

Unscheduled Fireworks 'Display' Goes Off with \$½ Million Loss in Ohio

Hudson, O., a village of about 1,500 persons, was rocked by a recent fireworks concern explosion, with damage to the plant estimated at \$500,000. Also, Western Adjustment's Akron office has reported about 100 dwelling exposure losses. These are all small, however, consisting mostly of broken glass. The plant had no insurance to cover the damage to the homes but it is understood it did have liability insurance covering employees. No one was injured, however.

The factory blew up in a series of explosions about 2 a.m. As the sky filled with a mighty pyrotechnical display, one of the plant's 25 small buildings was leveled and later fire and explosions tore apart five more of the buildings. One the nation's largest manufacturer of fireworks, the firm supplies holiday display fireworks countrywide.

Alexander di Michele, son of the owner, claims that someone set off the explosion deliberately. The company was not insurable, he said.

Plans Are Complete for Illinois Federation Rally

Arrangements for the annual luncheon meeting of Insurance Federation of Illinois, to be held May 16 in the Palmer House, Chicago, will be under



Lowell B. Mason



E. H. Henning

the direction of a committee headed by Chase M. Smith, general counsel of Lumbermens Mutual Casualty, a member of the federation executive committee.

E. H. Henning, federation president and president of Central Standard Life, as presiding officer will introduce the principal speaker, Lowell B. Mason of the federal trade commission. Mr. Mason will have as his subject "So You Don't Want Uncle Sam's Foot in the Door!"

- LONG HAUL TRUCKS
- TAXICABS
- BUSES

All coverages

- EXCESS LIMITS

All Classes
over Low Primary—over Self Insurance
High Limits Capacity

- PRIMARY INSURANCE

General Public Liability & Property Damage
All Forms including:
Malpractice—Physicians, Surgeons, Hospital,
Clinic
Theatres, Hotels, Municipalities
L.P.G., Anhydrous Ammonia
Amusement Parks, Carnivals
Auto Racing, Swimming Pools, Resorts

- SURPLUS LINES

Fire
Fire, Theft & Collision
Marine (Inland & Ocean)
Unusual Risks

E. J. GLOVER & CO.

CHICAGO 4, ILL.

Harrison 7-9376

175 W. Jackson Blvd.

Teletype CG 1636



Allstate Goes to Court on Fire Rate Turn Down in Wash.

Allstate has filed an appeal in Thurston county superior court to Washington Insurance Commissioner William A. Sullivan's ruling denying the company's fire rate filing. Commissioner Sullivan has until May 16 to answer the complaint.

Allstate complained that the "summary of evidence" of the commissioner had erred in the following particulars:

1. The summary had stated that the average commission allowed by other companies is 20% as compared to 9% by Allstate. Allstate claimed that companies issuing non-participating policies allow 30% to 35%, plus overriding commissions of 10% to 15% for general agents, plus a contingent based on loss ratio. Companies issuing participating policies allow 25% of the gross premium or 29.4% of the net premium, plus commission to general agent; and in addition allow a 15% dividend to policyholders.

2. The complaint alleges that Sullivan in ruling that Allstate in rating has varied some of the rating factors of the Washington Surveying & Rating Bureau "is in error, is misleading, is immaterial, and is contrary to the facts." Allstate contends that the rates, rules and forms it filed were developed by L. G. McKnight, assistant secretary in charge of the fire operations of Allstate, and that the company, since it is not a member of the bureau, is not required to adhere to bureau plans or factors.

3. The complaint contends that the "summary of evidence" was in error in ruling variances from the bureau's rating plan as unsound, stating that such variance in instances is "more exacting and more sound" than those applied by the bureau.

4. Objection is raised to the commissioner's suggestion that Allstate file a participating policy as it has done in Texas, the company contending it has a non-participating fire policy on file there.

5. Contrary to the commissioner's ruling, that Allstate could not support the rates at which it intended to write business, the complaint said rates were and are based upon and were and now are justified and supported: (a) By the actual loss experience or the fire business, with respect to the said classifications of dwellings and household contents proposed to be insured by plaintiff, in the entire U. S., and separately in Washington, for the last five-year period for which such information was, at the time of such hearing, available, as compiled and reported by National Board of Fire Underwriters; (b) by the actual experience with respect to commissions paid and expense incurred in the transacting of fire business by stock fire insurers representing approximately 96% of all fire business written by stock insurers in the U. S. for the years 1951, 1952, and 1953... and as compared with plaintiff's said commissions and expenses; and (c) by the actual experience of the plaintiff, in its more than 20 years of operations as an insurer, as to the ratio of costs and expenses involved in the acquiring and administration of insurance business, as to its actual average agents' commissions, its actual other acquisition costs, general overhead expense, rates of growth of business, and all other pertinent expense factors.

6. The complaint objects to paragraph 5 of the commissioner's finding of fact which stated that the computation of rates by the bureau is based on experience and factors necessary to the computation of rates. Allstate alleges that since plaintiff is not a member of the bureau it is not required to adhere to the bureau's rates or factors used in the computation of rates and "has the right to use its own rates, rating rules and plans, based upon the general loss experience of the fire business" in the dwelling and contents

classes.

7. Allstate alleges that the factors used to determine its rates are based upon experience, contrary to the ruling of the commissioner.

8. The complaint alleges that the Commissioner's reference to a 63% differential between a particular proposed Allstate rate and the rate as filed by the bureau is immaterial and misleading. Allstate contends that "such differential, if any, is not representative of the average differential (which is alleged to be about 20%)

in the rates proposed by plaintiff; and that such a differential is not of itself material, since with equal validity it may indicate that as to the classification of property involved the rate of the Washington bureau is to the same extent excessive."

McConnell Opens Office

LOS ANGELES—Britton Drew McConnell, son of Insurance Commissioner McConnell, is following his father's footsteps, having opened a law office in Los Angeles.

NOW ELECTRONIC TABLE LOOK-UP FOR RATING PRIVATE AUTOMOBILE POLICIES...



WITH NEW IBM 650—
one operation does all five steps:

- ✓ drastically reduces manual coding
- ✓ eliminates punching of statistical and collection cards
- ✓ zero balances statistical and collection cards
- ✓ checks manually assigned premiums on individual policies
- ✓ provides renewal input card for automatic re-rating

For renewals and new policies alike—IBM 650 means greater economy, speed, accuracy... faster policy service. Learn today how IBM electronic data processing will help keep you in the lead in today's insurance market. Free folder, "IBM 650, Fire and Casualty Insurance Applications," is yours by simply calling your local IBM representative, or writing to: International Business Machines Corporation, 590 Madison Avenue, New York 22, New York.



World's largest producer of
data processing machines

Daenzer Analyzes Commercial Package Covers at Buyers' Spring Conference

Developments in the commercial insurance field and various policies, including multiple peril block, manufacturers output and merchandise floater, were explained by Bernard J. Daenzer, secretary of Security-Connecticut, at the spring insurance conference of American Management Assn. at New York.

He said the biggest news in the commercial field is the block movement on the west coast.

Although different names are used—commercial property floater, miscellaneous block, merchandise block—the term block seems to stick to all of these new forms in California, mainly because they resemble older inland marine forms and have been handled by inland marine men. There has been some recent legitimate IM block expansion in most territories with the introduction of the camera and musical instruments blocks and physicians' and surgeons' equipment floater. The theory of legitimacy arises generally from the idea that something which may ultimately be covered by an IM contract when it is sold to the public, is a fit subject for IM treatment in the store.

This is, he said, a very tenuous theory. Even in the legitimate block form there is the problem of incidental stock. There is the camera store which has a stock of greeting cards and stationery, the musical instrument store which sells a few radio or TV sets. If there is a deviation on incidental stock, is the insurer being arbitrary and discriminatory toward the risk which is purely stationery or purely radio and TV? Mr. Daenzer asked.

On the other hand, it does not seem right to try to twist the new IM definition to include additional specific classes, thus ending up with words which have no meaning. If the new block form is a new class, it should be handled as the MOP and homeowners policy were first treated in their rapid spread across the United States a couple of years ago.

Unfortunately, the companies on the west coast have each gone their own way, but it is hoped others can profit from their experience. Wholesale and retail stores constitute one of the big bulk markets. It is especially important that the insurance business receives fair, adequate premiums and provides coverages which are reasonably standard. Lack of uniformity and absurd rating schedules could do a whole lot of harm and seriously impair the solvency of companies.

There has been considerable activity on the part of Pacific Board and Inter-Regional Insurance Conference for standard recommendations on rates and forms for regional association and local rating organizations. It does seem quite a distortion to put this new development in an old category or to try to split it up like the abortive effort of the companies in the creation of the comprehensive dwelling policy on a divisible basis. Maybe it will end with all the bureaus filing it—fire, casualty and inland marine—as a new indivisible multiple peril class—like the sudden allegiance to homeowners policies in the dwelling field by all the bureaus.

In any event, Mr. Daenzer said, if business is located in California or in a state where filings have been made along block lines, it would be extremely important to consider the new contract for the corporation.

At the present time in California, there must be at least 15 different ways of rating the commercial block policy—entirely dependent on the company the producer picks. These quotations all come out fairly close, but there are some unusual cases where wide differences appear. It may be possible for a very large risk to be written half at one rate and half at another.

Almost every one uses the fire and extended coverage rates as a base. There are some who use fire only, but in most companies there are modified class loadings. In others, the premium is built like a comprehensive general liability policy with a charge for open stock, transportation, water damage and a final loading for all risk in layers.

When this program finally hits many states, Mr. Daenzer said he could visualize a tremendous revolution in the commercial field.

It will take some time for the cor-

porate insurance buyer to become educated to the new coverages and the loss possibilities. The deductible is a salutary safeguard; after all, it is the exposure which seriously hampers the business for which insurance is really necessary.

In describing the manufacturers output policy, Mr. Daenzer said that although it is several years old it is still new from the standpoint of sales and real capacity in the business. The recent opening of a general cover pool of companies should result in much

(CONTINUED ON PAGE 38)

Don't Toss In The Trowel Till You've Tried Advertising As A Business-Builder



To use an ancient cliché — "Rome wasn't built in a day" neither is a local agency. It takes time, effort and planning. Formula for success is plan your work and work your plan.

Modern business methods and competition call for planned sales presentations, plus regular planned calls every day. The more calls a solicitor makes, all other things being equal and the ratio of successful closings up to average, the more sales he will make in the long run.

Mr. Local Agent can lay the ground-work for his leg-work by means of proven sales procedures like our Survey & Analysis Plan, Monthly Mailing Plan and 1955 Postal Card Series. Details and necessary material thereon will gladly be furnished to our Agents, upon request.

You've got to be up and moving all the time. No salesman ever stumbled over sales sitting down!

NORTH BRITISH and MERCANTILE Insurance Company Limited

The PENNSYLVANIA FIRE Insurance Company

The COMMONWEALTH Insurance Company of New York

The MERCANTILE Insurance Company of America

The HOMELAND Insurance Company of America

150 WILLIAM STREET, NEW YORK 38, N. Y.

Atlanta
Detroit

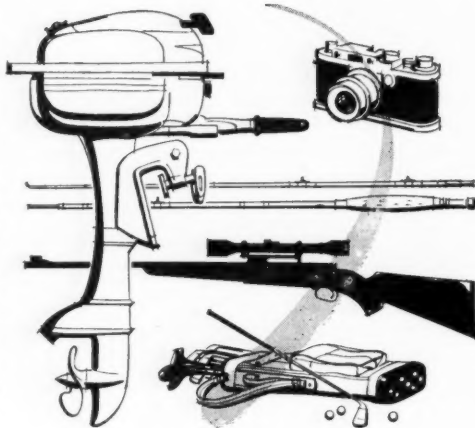
Philadelphia
Chicago

Boston
San Francisco

Pin down the personal lines...

• We have the complete inland marine facilities you need to pin down premiums for both personal and business risks.

Talk to our special agents about how we are equipped to meet protection needs—swiftly in most states, including IRM capacity on large lines. But, anywhere nationwide, you can count on prompt, sure handling of inland marine lines.



Grain Dealers Mutual

INSURANCE COMPANY

INDIANAPOLIS 7, INDIANA

Western Department: Omaha 2, Nebraska

FIRE & ALLIED LINES • AUTOMOBILE • INLAND MARINE

"TO THE MAN WHO HAS NEVER HEARD OF YOU

... you do not exist!"

THAT'S WHY "it pays to advertise." Advertising is essential information publicized, and is important to the prestige and productivity of every business—including insurance. The Royal Exchange provides attractive, skillfully planned advertising for its agents use.



• Nearly 2½-centuries experience with almost every conceivable type of risk has qualified the Royal Exchange companies with professional "know how" in helping agents with their problems.

Royal Exchange

ROYAL EXCHANGE ASSURANCE
PROVIDENT FIRE INSURANCE COMPANY
THE STATE ASSURANCE COMPANY, LTD.
CAR AND GENERAL INSURANCE CORP., LTD.

Representatives in Principal Cities and Towns of the United States and in Most Countries Throughout the World



Group

Fire, Marine & Casualty
Fidelity & Surety

111 JOHN STREET
NEW YORK

Scherr Stresses Need for Uniform Action on FTC Charges

J. W. Scherr Jr., executive vice-president and secretary of Inter-Ocean of Cincinnati, in his presidential address at the annual meeting of Health & Accident Underwriters Conference in Toronto, discussed in general terms some of the perplexing problems in the A&H business.

The regulatory, legislative and social situations confronting A&H people today have brought about a unity in the business which has not heretofore existed, he commented. Even though at the administrative level the unity is not completely harmonious, the basic concepts of it are meeting with no real discouragement. Until a year or so ago, the A&H business knew of the federal trade commission only as part of the federal alphabet. Mr. Scherr commented, but today nearly 20 companies have been accused publicly, "and in many cases unfairly," of false, misleading and deceptive advertising by FTC. The conference, the Joint Committee on Health Insurance, National Assn. of Insurance Commissioners and the companies are faced with one of the thorniest situations they have ever had to deal with.

"Unless one has a complete understanding of the law governing FTC procedure, and unless the reasons for actions against the companies are explained, it is almost impossible to decide upon a unified position which is valid and which will have the practical effect of stopping additional complaints," Mr. Scherr observed. "Assuming that some way could be found to prevent further action against the companies, we still have to face, at one time or another, the answer to jurisdiction and possibly a test of public law 15. This latter consideration is more far-reaching than standards and controls for accident and health advertising. If we believe in regulation by the states we must be prepared to fight for it with all of our energy and with every weapon at our disposal. The one thing upon which there seems to be consensus is the desirability and necessity for complete concert of opinion and action between the business and the NAIC. The commissioners have a responsibility in this regard and they must find some way to cut the red tape inherent in their procedures and move rapidly with the companies toward well-defined goals."

Unfortunately, Mr. Scherr commented, politics have entered the picture. State legislatures in their anxiety to pass muster as respects adequate laws have rushed in with all kinds of bills aimed at the so-called "evils" of A&H insurance. Some of the bills have now become law and Mr. Scherr said too often the law only tends to work a hardship on the better companies, thus possibly depriving the public of the kind of protection it needs.

The conference has endorsed and encouraged laws in three areas—uniform policy provisions, unauthorized insurers service of process, and fair trade practices. Mr. Scherr said he is of the opinion that these laws must be enacted in all of the states at the earliest possible date. Complete uniformity is still in the stage of wishful thinking and probably cannot ever be accom-

plished, but these three bills are generally considered the answer to FTC jurisdiction.

At its last annual meeting the conference adopted a set of ethical standards for advertising individual A&H. A few months later Bureau of A&H Underwriters adopted "a highly commendable" code of practices, and these actions on the part of the two major A&H trade associations has been described as the springboard from which a meeting for a public relations program can develop. Mr. Scherr said if the conference had done nothing else in the last 12 months than implement its advertising standards "we could feel a sense of high accomplishment."

Health Insurance Council has set the example for constructive public relations work, Mr. Scherr asserted. The conference has participated in council activities in telling the A&H story to doctors, hospitals and developing a publication and information program.

The work of the joint committee on health insurance and its sub-committee task forces is the most effective cooperative undertaking in the history of the A&H business, Mr. Scherr said. The conference has been well represented in this group, and while the all-industry effort was developing, the conference and the bureau were working cooperatively through their committee on coordination of activities. This committee has secured Robert Neal as counsel at Washington for the two associations, and Mr. Scherr added that willingness of the committee to find common denominators has encouraged the forthright report of task force number 1 which advocates a single A&H trade organization.

"It is my considered and sober judgment that the one compelling argument in support of adoption of the report of task force number 1 is its implicit as regards the urgent needs for an organized program of telling all of our public the health insurance story," Mr. Scherr said.

He remarked that in view of the political road blocks and social handicaps under which the business has been laboring, it's significant that new records of growth and development continue to be chalked up. Techniques and coverages have been improved and expanded, but despite the significant part that A&H plays in the social and economic activity of the country, the record does not speak for itself. The business performs far better than the average person believes, Mr. Scherr declared, and the main problems grow out of the fact that the business has not yet found a way to tell everyone concerned about all the plus factors in favor of the business. This has to be done "but careful appraisals dictate that such cannot come to pass unless and until we consolidate our experience, our talent and our resources under a single standard."

Tracy Given Plaque by Maryland Casualty

Edward L. Tracy of Cos Cob, Conn., received a plaque and letter of commendation from Maryland Casualty in recognition of his agency representing the company for 30 years. It is the oldest continuous agency of the company in the state.

The plaque was presented to Mr. Tracy at a dinner in his honor at Tamarrack Country club by John W. Morrison of McManus & Co. of Hartford, Connecticut general agents for Maryland Casualty.

This ad is talking to 22,948,000 People— to help you sell!



**Hard-working
Advertisements**
like this one are seen
regularly by millions in
*Life, Look, Saturday
Evening Post, Collier's,
Time, Newsweek, U. S.
News & World Report* and
other leading publications
—to stimulate greater
demand for New York
Life products.

Now! New York Life's **Term-Whole Life Policy...**

Life insurance that gives a young man time to "get on his feet"!

Offers substantial protection now through low-rate term insurance—changes to
permanent insurance after the 2, 3, 4 or
5 year term—when income has increased

For Up and Coming Young Executives

New York Life's Term-Whole Life Policy is ideal for young family men just starting out—responsible men whose present salaries are modest, but who expect substantial increases in the next few years.



For "Just Beginning" Professional Men

Professional men, starting in practice, have usually invested heavily in education, equipment and facilities. This insurance plan enables them to provide substantial protection for their families when financial resources are lowest.



For Businessmen who are Long on Prospects —Short on Cash!

Sometimes, men wish to reinvest their funds in their business. With this Term-Whole Life Policy they can protect their families well—right now—without waiting for further returns from their invested funds.



HERE'S HOW IT WORKS: New York Life's Term-Whole Life Policy gives you family protection at the low rates for term insurance—rates any up-and-coming young man should easily be able to afford right now. The minimum policy is \$10,000.

When your policy changes to Whole Life after the 2, 3, 4 or 5 year term you've chosen, you'll undoubtedly be in a better position to pay the increased premium for permanent insurance. You'll own permanent Whole Life insurance that rapidly builds big cash values—for emergencies or for your own retirement.

When you buy a Term-Whole Life Policy, you know today that you can always have insurance protection—regardless of future changes in health.

HERE'S WHAT IT COSTS! Say you're age 30 and take out a 4-year Term-Whole Life Policy for \$10,000. Your annual premium during the first four years will be only \$84.30. After the fourth year, the premium increases to \$228.50 annually. However, dividends can be applied to reduce payments. At age 65, your policy will have a cash and loan value of \$5,670 plus any dividend credits.

To get the figures for your age, see your New York Life Agent—or mail the coupon below.

NEW YORK LIFE'S 110th ANNIVERSARY! New York Life, a mutual company, was founded in 1845. It is one of the strongest legal reserve life insurance companies in the world, with offices throughout the United States, Canada, Alaska and Hawaii.

MAIL COUPON TODAY!

New York Life Insurance Company, Dept. T-10
51 Madison Avenue, New York 10, N. Y.
(In Canada: 320 Bay Street, Toronto, Ontario)

Please furnish me, without any obligation, full information on your new Term-Whole Life Insurance plan, minimum amount \$10,000.

NAME _____ AGE _____
ADDRESS _____
CITY _____ PHONE _____ STATE _____

New York Life
INSURANCE COMPANY

A MUTUAL COMPANY  FOUNDED IN 1845

The New York Life Agent in Your Community is a Good Man to Know

BROKERAGE
DEPARTMENT

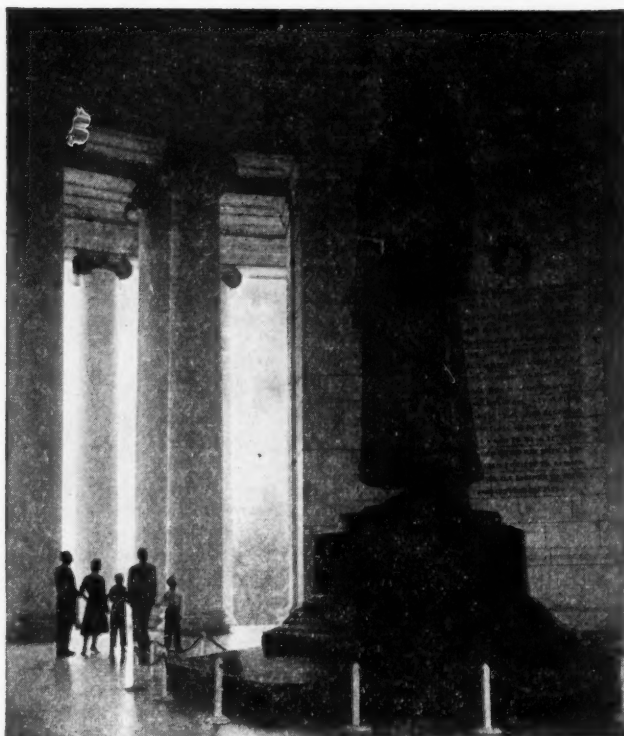
NEW YORK LIFE
INSURANCE COMPANY

A MUTUAL COMPANY  FOUNDED IN 1845

Modern policies for modern needs include Ordinary Life Insurance, Group Insurance, Accident and Sickness Insurance and Pension Trusts.



"Eager to Serve"



To protect human dignity This striking photograph of the Jefferson Memorial, Washington, D. C., was widely published last year by the North America Companies to illustrate a responsibility imposed by free enterprise. It was Jefferson who said "... laws and institutions must go hand in hand with the progress of the human mind."

Answering the Challenge of Change

The North America Companies, as a true free enterprise, are continuing a program to make *better service* and *broadier protection* available to more people through improvement and simplification of the insurance business.

This includes the individual, the family and the home, banks, business, industry and schools, hospitals, churches.

Scores of improvements have been made recently; more are coming.

By simplifying the insurance business, protection can be broadened, its cost reduced. In addition, rating plans and payment methods for greater customer convenience have been introduced.

These improvements are only part of the story.

To close their circle of superior personal service now provided by 20,000 agents and brokers, backed up by North America's far-flung Service Office System, an expansion of the Companies' *own* Claim and Loss Organization is near completion.

The policyholder, no matter where he lives or goes, is entitled to be paid promptly and fairly when he has a loss. To meet all these needs has required a tremendous investment in money, time and training.

We are glad to make this investment because the interests of our policyholders have always come first and they always will. In this way we will serve our stockholders, our agents and brokers and employees.

This, we have believed since our founding in 1792, is free enterprise in action.

One in a series of advertisements describing North America's historic role in insurance...demonstrating its unmatched facilities from a single source...and its leadership in bringing the public broader protection and better service through its 20,000 Agents. This message reaches your customers and prospects in Newsweek, May 9; Life, May 16, and The Saturday Evening Post, May 21. Just another proof that it pays to have North America 'in your corner.'

North America is constantly working to broaden its coverages, simplify its policies and reduce insurance costs. The beneficiaries of this effort are families at home, the farmer, the banker and businessman, and public institutions that are managed for the benefit of all Americans.

North America meeting the challenge of change

FAMILIES AND HOMES



Typical of North America's pioneering are the new HOME-OWNERS and new TENANTS insurance policies. They provide, for the first time, all essential home insurance in a single 'package' policy...at a saving. Other pace-setting North America coverages are:

Comprehensive Personal Liability • Fire Policy not reduced by Loss Payment • Merit Rating Plan for Automobile Insurance...and many, many others

FARMS



Protection for farmers has also been broadened by North America. An example is North America's BLANKET FARM PERSONAL PROPERTY policy which lumps many coverages in one contract. Another example is the AGRICULTURAL EQUIPMENT AND LIVESTOCK FLOATER.

BANKS, BUSINESS, INDUSTRY



North America has persistently tailored its contracts to give business every possible measure of protection. Its BLANKET ACCIDENT TRAVEL policy is a case of extending protection to traveling employees. KEY MAN GROUP ACCIDENT AND SICKNESS gives special protection for special need. BLANKET LIABILITY and a MERCHANDISE FLOATER are two more specially tailored contracts, followed by many others like these:

Catastrophe and Excess of Loss Coverages • Valuable Papers and Records, including Business Interruption • Accounts Receivable

SCHOOLS, CHURCHES, HOSPITALS



North America's SIMPLIFIED PREMIUM PAYMENT PLAN gives institutions the premium savings in 3-year or 5-year rates. Yet the institutions may pay premiums annually, instead of in a lump sum at start of the term. Other pioneer coverages are the CIVIC GROUPS POLICY and the CHURCH THEFT POLICY.

Consult your Agent or Broker about availability of these policies or plans in your State.



PROTECT WHAT YOU HAVE®

NORTH AMERICA COMPANIES

Insurance Company of North America
Indemnity Insurance Company of North America
Philadelphia Fire and Marine Insurance Company

Philadelphia 1, Pa.

THE NEWEST AND BEST FROM AMERICA'S OLDEST AND STRONGEST STOCK INSURANCE COMPANY



IS
YOUR
CLIENT

UNDERSTANDING?

He should be if you've adequately explained to him his needs and the coverages you can provide through the Saint Paul Companies. Complete understanding can save him money—and, as his insurance agent, it is your obligation to make frank recommendations for his protection as though you were a member of his firm.

It's being both practical and fair—both to yourself and to him—when you perform this needed service.

THE AGENCY SYSTEM — AN AMERICAN TRADITION



HOME OFFICE
111 W. Fifth St.
St. Paul 2, Minn.

EASTERN DEPT.
90 John Street
New York 38, N. Y.

PACIFIC DEPT.
Mills Building
San Francisco 6

Members, American Foreign
Insurance Association,
offering world-wide insurance facilities.

COMPLETE *AMERICAN* PROTECTION

99 John Street New York 38, N. Y.

AMERICAN
REINSURANCE Group

Donovan Explains Need for Creative Selling by Agents

Application of the basic tenets of creative selling as the way to meet competition was advocated by Hugh W. Donovan, Jacksonville agent who served as moderator of a panel on the why and how of the new dwelling forms at the Miami Beach annual convention of Florida Assn. of Insurance Agents.

Too much time is spent by too many agents worrying about direct writers, specialty companies and others. Worry time is costly, but confidence can eliminate worry, he said, and can result in more business being written.

In order to survive in these days of intense competition, an agent must replenish his knowledge by continually reviewing old forms, absorbing the latest in policies and fitting them to his client's needs—the confident way of selling.

Mr. Donovan pointed out that those who have devoted themselves to serving the insuring public, must know not only the various coverages available and what they will do but, more importantly, must measure the protection needed by their clients and see that it is provided.

An agent must recommend sound, serviceable companies, the right combinations of insurance and adequate limits and amounts of coverage. To permit an insured to carry inadequate coverage without having made an exhaustive effort to appraise him of the dangers is nothing short of failure on an agent's part, he continued.

An under-insured victim of an accident, fire or other catastrophe is an unhappy, even a resentful insured; he becomes a critic instead of a friend of the insurance business, a critic whose voice and attitude will contribute to the undermining of the business.

In order to render the type of service that will make friends for the business, Mr. Donovan told the agents, they must get all the facts from their clients in order to analyze properly their insurance needs and must give the same infinite care to every client, regardless of the commission involved.

This is the only way, he said, for agents to assure themselves that they have given their clients the service and advice they deserve.

Insurance Women of Fort Worth have elected Mrs. G. W. Fitzgerald as president, Mrs. Mary Barker 1st vice-president, Mrs. H. H. Wehmeyer 2nd vice-president, Mrs. Hazel Beasley recording secretary, Mrs. M. B. Douglas corresponding secretary, and Mrs. J. W. Dunwoody, treasurer.

Blanks Group Wants Reserve Test of EC, Some Other Changes

The blanks committee of National Assn. of Insurance Commissioners has prepared its report for the executive committee of NAIC at Los Angeles in June.

The report recommends elimination of lines 3, 4 and 5 from the fire and casualty blank. These deal with tornado, windstorm, hail, sprinkler leakage, etc., which are gradually disappearing as separate coverages.

In the A&H, life and casualty blanks, it is recommended that insurers insert the total number of claims under A&H on which some payment other than return of premium was made during the year, and the total number of A&H claims on which no payment was made, which were resisted, rejected, disallowed or otherwise disposed of. This figure would be reported on page 17 of the life blank and page 14 of the fire and casualty blank, pages which deal with business by state.

The committee recommends that a new exhibit be prepared calling for experience data on credit life and credit A&H. This would take the form of a supplement, on a separate sheet.

One special subcommittee is directed to prepare a set of instructions covering items other than expenses in the fire and casualty blank. The group would consult with industry representatives. W. Harold Bittel of New Jersey was named chairman of this group.

The blanks group recommends the addition of a showing on page 31 under schedule O, part 1, for extended coverage. The committee points out that in view of the serious effect of violent fluctuations in experience in connection with windstorms and hurricanes of catastrophic nature, many of which occur toward the end of the year, it is essential to have a test of loss reserves for this line of business.

Chairmen of standing subcommittees named are Joseph Collins of New York, fire, casualty and reciprocal blank; Earl L. Berger, Minnesota, hospital and medical service, and Charles Dubuar, New York, assessment life and accident.

Ill. Mutual Cas. Names Two

Louis Squibb, field supervisor in southern Illinois for Illinois Mutual Casualty, has resigned to devote his entire time to his agency, and Dennis R. Driskell has been named to replace him.

William Quinn, who has been field supervisor for northern Missouri and southern Iowa, has been named field supervisor for Missouri. His headquarters are at Kirksville, Mo.

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Advocates Package Policies to Meet Direct Writer War

Cultivation of the modest buyer market and heavier sales of package policies as ways of meeting direct writer competition were advocated by Bruno C. Vitt, president of American of Newark, before the annual meeting of New York State Assn. of Insurance Agents at Syracuse.



Bruno C. Vitt

He also reiterated his belief that a national rating procedure for all lines—fire, automobile, marine, casualty and surety—was needed to develop what he termed realistic rating plans that will fairly, efficiently and economically meet the requirements of today.

It is incredible, he declared, that "our pricing structure should lag behind the development and sale of our product, and we owe it to the public to replace the present outmoded and disjointed system with a streamlined operation."

He pointed out that various package policies in the personal lines now in effect in a number of states grew out of a well conceived plan in the interest of the tough minded customer who is going to deliver the ultimate verdict in the agency company contest with direct writers by buying or refusing to buy the product.

Package policies take the fight with direct writers off the battleground of their choosing and "bring it to ours where we can use our advantages."

The day has passed, Mr. Vitt said, when any company or producer can live on a single type of insurance. Selling insurance by line exposes them to the danger of losing it the same way.

Package policies enable the agent to

solicit the so-called bread and butter lines and the unexploited side lines at the same time with one sale, one billing and savings all through merchandising procedures, not to mention the freeing of time to increase personal contacts with clients.

The wise agent spends his time analyzing his clientele and his prospects, dividing them into their respective income groups and setting up an insurance program tailored to fit each, refusing to relinquish any segment of his business to direct writers. He knows

that today's modest buyer of basic coverages is tomorrow's middle income purchaser and eventually may even move into the higher income market.

Mr. Vitt said "our primary attention must be directed to the area of costs for that is where we are under attack" and the problem of reducing costs should be examined throughout the entire system, not in any one phase.

He thinks the word expenses is too often considered only in separate segments, not as a whole, and told the agents they and their companies must sit down as a family does with a bud-

et, not merely for discussion, but with the knowledge that unless the budget is cut disaster threatens the entire agency-company family.

He advocated listing individually and critically examining all expense phases of the premium dollar, cutting on those items which will not bear realistic appraisal.

Only in this way, he said, can costs be brought down to the point where the services provided by companies through agents will more than equalize the difference in "our charges and those of the direct writers."

Nothing spells good times like good seafaring. But, as every sailor knows, the sea offers possible trouble as well as clear sailing.

You owe it to yourself and to your boat to be protected. Fire, explosion, stranding, submerged objects, foul weather—any of these might result in a serious investment loss or heavy liability claim, which you easily can offset now by insuring through the Marine Office of America.

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Freedom Names Three V-Ps

Three vice-presidents have been named by the newly formed Freedom of Berkely, Cal., the company in process of formation, which will sell a copyrighted full coverage policy for dwelling owners.

George England, who for seven years has been a partner in the San Francisco law firm of Long & Levit, has been named vice-president and general counsel. Richard A. Bevans, who has been manager and superintendent of the casualty department of Civil Service Employees, is vice-president and chief underwriter. He has been in the business since 1938 and has been with Commercial Union, General of Seattle and California Casualty Indemnity Exchange. Robert Briggs has been appointed vice-president and controller. He is assistant analyst and specialist in machine accounting, and has been with the University of California, the State Compensation Insurance Fund and several H. J. Kaiser enterprises.

Emerson E. Wiser has been named executive vice-president and general manager of Uni-Insurance Service Corp. This is the company which will hold the rights to the policy. He has been in the investment field. Neil Flenner has been named vice-president in charge of production for Uni-Insurance Service. He has been in the agency field in the Pacific northwest.

Insurance Women of New York will hold their annual charity bridge May 14 in the Bowman room of Hotel Biltmore, New York City. Miss Edna Morris of America Fore group is chairman.

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Convention Dates

May 12, Surety Assn. of America, annual, Hotel Astor, New York City.

May 12, Wisconsin Assn. of Insurance Agents, midyear, Lorraine hotel, Madison.

May 12-14, Iowa Assn. of Insurance Agents, annual, Hotel Savery, Des Moines.

May 13-14, Oklahoma Assn. of Insurance Agents, annual, Biltmore hotel, Oklahoma City.

May 16-17, Georgia Assn. of Mutual Insurance Agents, annual, Radium Springs, Albany.

May 16-20, National Fire Protection Assn., annual, Netherlands Plaza, Cincinnati.

May 16, Vermont Assn. of Insurance Agents, midyear, Woodstock Inn, Woodstock.

May 18-20, Georgia Assn. of Insurance Agents, annual, Atlanta Biltmore hotel, Atlanta.

May 19, Society of Fire Protection Engineers, annual, Netherlands Plaza, Cincinnati.

May 19-20, Arkansas Assn. of Insurance Agents, annual, The Arlington, Hot Springs.

May 19-21, North Carolina Assn. of Insurance Agents, annual, Carolina hotel, Pinehurst.

May 20-21, Texas Assn. of Insurance Agents, annual, Galvez hotel, Galveston.

May 22-24, Tennessee-Arkansas Assn. of Mutual Insurance Agents, annual, Hotel Peabody, Memphis.

May 23-25, Board of Fire Underwriters of the Pacific, annual, Biltmore hotel, Santa Barbara, Cal.

May 23-25, Insurance Accounting & Statistical Assn., Palmer House, Chicago.

May 24-25, National Assn. of Insurance Brokers, annual, Mark Hopkins hotel, San Francisco.

May 26, National Board of Fire Underwriters, annual, Commodore hotel, New York City.

May 26, Midwestern Independent Statistical Service, annual, LaSalle hotel, Chicago.

May 30-June 3, National Assn. of Insurance Commissioners, annual, Biltmore hotel, Los Angeles.

June 8-9, Missouri Fire Underwriters Assn., annual, Taneycomo hotel, Rockaway Beach, Mo.

June 9-11, Mississippi Assn. of Insurance Agents, annual, Edgewater Gulf hotel, Edgewater Park.

June 12-14, Maryland Assn. of Insurance Agents, midyear, George Washington hotel, Ocean City.

June 12-16, Insurance Division of the Special Libraries Assn., annual, Statler hotel, Detroit.

June 13-15, Michigan Fire Underwriters Assn. and Michigan Blue Goose, annual, Gratiot Inn, Port Huron.

June 13-15, International Assn. of A. & H. Underwriters, annual, Gunter hotel, San Antonio.

June 13-15, Southeastern Underwriters Assn., annual, The Homestead hotel, Hot Springs, Va.

June 13-15, Virginia Assn. of Insurance Agents, annual, Roanoke hotel, Roanoke.

June 14-16, Illinois Fire Underwriters Assn., annual, Nippersink Manor, Genoa City, Wis.

June 14-16, Kentucky Fire Underwriters Assn., annual, Kentucky Dam Village, Gilbertson.

June 14-17, National Assn. of Insurance Women, annual, Palace hotel, San Francisco.

June 15, Tennessee Fire Underwriters Assn., annual, Lookout Mountain hotel, Chattanooga.

June 15-17, Indiana Fire Underwriters Assn., annual, Culver Inn, Culver.

June 19-21, New England Assn. of Insurance Agents, annual, Poland Spring, Me.

June 19-23, American Assn. of Managing General Agents, annual, Mark Hopkins hotel, San Francisco.

June 23-25, North Carolina Assn. of Mutual Insurance Agents, annual, Blowing Rock.

June 23-24, Missouri Assn. of Mutual Insurance Agents, annual, Hotel President, Kansas City.

June 24-25, Upper Peninsula Assn. of Insurance Agents, Gateway hotel, Land O' Lakes, Wis.

June 26-28, Insurance Advertising Conference, Claridge hotel, Atlantic City, N. J.

June 28-29, National Assn. of Public Insurance Adjusters, Concord hotel, Kalmesha Lake, N. Y.

July 7-9, International Assn. of Insurance Counsel, annual, Hotel del Coronado, Coronado, Cal.

Aug. 7-11, Honorable Order of Blue Goose, Grand Nest, Muehlbach hotel, Kansas City.

Aug. 14-17, West Virginia Assn. of Insurance Agents, annual, Greenbrier hotel, White Sulphur Springs.

Aug. 17-20, Federation of Insurance Counsel, annual, Sheraton Park hotel, Washington, D. C.

Aug. 21, American Bar Assn. insurance law section, Philadelphia.

Aug. 23-25, South Dakota Assn. of Insurance Agents, annual, Rapid City.

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Fire and Casualty Insurance

COMMENTS - TRENDS - OBSERVATIONS

Bohlinger Discusses History, Purposes of Rate Regulation Before Buyers

Some interesting comments on rate making were presented to the insurance conference of American Management Assn. in New York by Alfred J. Bohlinger, until recently insurance superintendent of New York. Calling attention to independent fire rate filings made by two insurers in the state in the past year, he said he does not envisage a return to the unrestrained competition that prevailed from time to time prior to 1912.

This, he said, is based on the assumption that whatever changes may be made in the rating laws, the basic requirement that rates must meet certain statutory standards will continue. Adequate state regulation will not permit insurers to engage in unrestrained price wars.

The determination of fair and reasonable rates is one of the great responsibilities of state supervision, he declared. In discharging this responsibility, he believes, the state must recognize both the propriety of concert of action by insurers and the right of other insurers to operate independently, in the interest of reasonable competition. Further, he added, a state must recognize that the standards of the rating law apply with equal force to independent and bureau filings.

Mr. Bohlinger reviewed the history of rate regulation in New York. The 19th century was a time of boom and bust in insurance. There were several efforts to introduce stability. Then came anti-compact laws, when insurers resorted to use of advisory rates made by individuals or organizations. Unrestrained competition continued.

In 1911 the Merritt committee of the New York legislature reported on fire insurance rating. Its conclusion was that free and open competition in fire insurance is unstable, leads to the weakening of companies and eventually to the elimination of small companies; that under open competition there is a tendency toward unfair discrimination among risks. The anti-compact laws had the effect, according to the committee, of introducing a weakened substitute for open competition. The committee also concluded that agreement on rates had not been demonstrated to be adverse to the public interest. It recommended legislation to permit concert of action in rates under state regulation.

This led to rate regulation, which was strengthened as time went on, and was extended with the all-industry bills which followed public law 15.

Probably the most difficult problem, Mr. Bohlinger said, is that of seeing to it that rates are responsive to current as well as foreseeable experience.

Fluctuations in experience are inevitable and cannot always be anticipated. When experience is adverse rates tend to become inadequate. The converse is true when times are favorable, rates may become excessive. At times fluctuations in experience flow from economic conditions. At others they may be caused by catastrophe or conflagration. Fluctuations in experience in various lines do not consistently parallel one another.

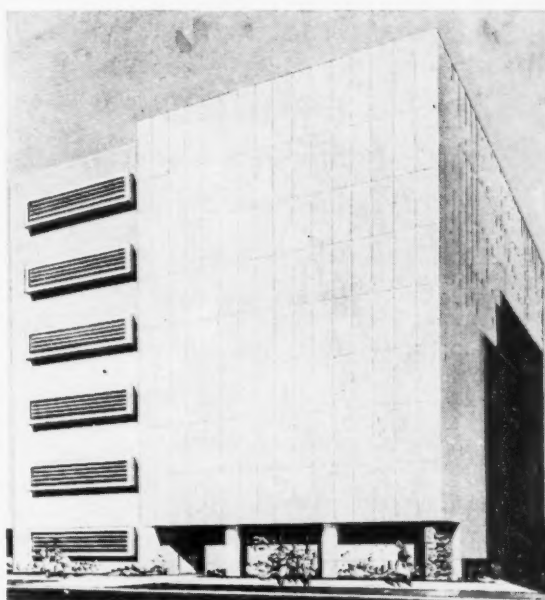
The New York department, he said, has recognized trend and projection factors, and in some lines they have been used—to supplement and bring up to date the classified loss experience which is at best 18 months to two years old. Also, the projection factor is used on the assumption that the trend of losses of the immediate past will continue in the future during the time when the new rates are in effect.

Some times the department is delayed in effecting a rate revision because of the complexity of the rate structure. For example, a fire rate revision was indicated last year. Dwelling rates were promptly revised, but it was not possible to do the same with schedule rated classes. In times of adverse experience such delay is to the disadvantage of insurers. The reverse is true when experience is unduly favorable. Both situations, he said, are undesirable from the standpoint of the public and the companies.

But the New York department keeps an eye on loss experience, expenses and underwriting profit or loss and their relationship to the factors in the rating formula. In general no revision is made in individual classes unless the swing in the loss ratio exceeds or falls short of the factor in the formula by at least 2½ points.

In New York, he continued, the superintendent must require supporting information if he does not have sufficient information already on file. However, the law further provides that such information may include the experience or judgment of the insurer or rating organization making the filing, its interpretation of any statistical data it relies upon, the experience of other insurers or rating organizations, or any other relevant factors.

On new forms judgment plays an important part in rating. He mentioned multi-peril policies. The department has felt that while filings of this character are not as susceptible of the degree of statistical support as are so called standard forms of coverage, experimentation in new and broader forms is in the public interest and that a rate filing should not be re-



Ground has been broken at Los Angeles for the new Pacific Coast office building of Zurich which will be headquarters for the supervision of production and service activities in Los Angeles, San Francisco and the Pacific Northwest. The new building will be six stories high, the first three of which are scheduled for completion by late summer. The remaining stories will be added as required.

Zurich's Pacific Coast headquarters will be of reinforced concrete and will be air conditioned and

have fluorescent lighting, acoustical treatment and a central utility shaft. It will be occupied solely by Zurich and American Guarantee. The location is the corner of Wilshire and Arden boulevards. The present Pacific Coast and Los Angeles offices of Zurich are at 3576 Wilshire boulevard.

jected because of the lack of supporting statistics.

Noting that homeowners coverages will produce as much as \$30 million in premiums this year and that this figure will be \$10 million for the manufacturers output, he said that while these developments are fine, a word of caution is in order. Insurers and producers in their hunger for premiums may indulge in rate cutting in the name of experimentation. Any advantages that stem from unfairly discriminatory or inadequate rating practices are not only of dubious legality but necessarily are of short duration. He believes in reasonable competition and use of underwriting judgment. But, he said, "unbridled competition brought about through excessive and inordinate experimentation can only produce dire results".

He explained that the New York department, in an effort to avoid extreme fluctuations in rates, has rarely approved increases or decreases of more than 25% in a single revision on a particular class of risks. (This rule cropped up in the current Allstate hearing.)

Where a greater change has been indicated the department has preferred to review the statistics again at a later period rather than make an indicated change of more than 25% at one time.

American Mutual Alliance has opened an office in Washington, D. C., to service the Atlantic coast states.

Many Insurance Offices Moving at St. Louis

ST. LOUIS—The insurance people here are experiencing one of the greatest shifting of quarters that has taken place in many years.

The Bowersox Insurance Agency Co. last week had the formal opening of its new office at 3737 Kingshighway boulevard in southwestern St. Louis. Previously the agency had been in the downtown section of the city.

Charles L. Crane agency a short time ago moved from the southern half of the second floor of the Pierce building to quarters on the first floor of International Fur Exchange building.

Standard Underwriters agency also has moved to the International Fur Exchange building from the Pierce building as has American of Newark.

The G. D. Capen & Co. agency has moved from the 16th floor of the Pierce building to the southern half of the second floor, and American Automobile has taken over the former Capen & Co. space, as well as the space formerly used by Kreismann-Bayer agency which has moved to 16 North Central avenue in Clayton, St. Louis county.

The E. J. Boyce agency moved from the fifth to the third floor of the Pierce building and the Oliver Blase agency has moved from the sixth to the eighth floor in the Pierce building, with the Blase offices now being occupied by Clyde Scott, who has been at 710 Chestnut street.

Fireman's Fund which was on the second floor of the Pierce building has now taken space with National Surety on the fifth floor, and Fidelity & Casualty plans to move in July.

Pacific Claim Executives Have Parley at L. A.

Pacific Claim Executives Assn. met last week for three days at Los Angeles. There were 24 companies' representatives for a discussion of claims problems. The organization was formed last year, and the officers are: F. E. Burke of Swett & Crawford, president; C. R. Umland of Fireman's Fund, vice-president, and Thomas Atchinson of St. Paul F. & M., secretary.

The group will have its next meeting at Seattle in October.

Claims Men Plan Barbecue

Houston Assn. of Claims Men is holding its annual barbecue this week at Galveston county park near Webster. A number of past-presidents will be on hand. The association has more than 400 members representing 90-odd companies. The president is S. D. Flowers of Swett & Crawford; vice-presidents are Robert L. Harper of Pan American Casualty and W. K. Knight of Knight Claims Service; secretary, C. T. Mobley of American Automobile, and treasurer, Robert Zschappel, Cravens, Dargan & Co.

LONDON ASSURANCE

Advances Bidwell, Names Sargent, Idler to High Posts

Important changes have been made in the executive staff of London Assurance and Manhattan F. & M.



John F. Idler

In London Assurance Kenneth J. Bidwell has been promoted to deputy U. S. manager; Joseph W. Sargent, who will be in charge of fire and allied lines underwriting, and John F. Idler, who will direct casualty activities of the group, have been appointed assistant U. S. managers; Ronald F. Dadd has been promoted to U. S. secretary and Fred C. Saal and Donald A. Hoyt become assistant secretaries.

In Manhattan F. & M. Mr. Bidwell has been elected executive vice-president; Mr. Idler and Mr. Sargent have been elected vice-presidents; and Mr. Saal and Mr. Hoyt have been elected assistant secretaries. Mr. Dadd continues as secretary.

Mr. Bidwell, after an extensive experience here and abroad with Reliance Marine and British & Foreign, established the inland marine department of Manhattan in 1938. He was advanced to general agent of London and assistant secretary of Manhattan in 1942, supervising automobile and inland marine lines. In 1950 he was appointed assistant U. S. manager of London and vice-president of Manhattan.

Mr. Idler, prominent in casualty insurance, started in 1928 as safety en-

gineer with Hartford Accident at Chicago. He advanced to superintendent of the liability department before becoming supervising home office underwriter of all lines with Zurich in 1936. In 1944 he organized the casualty department of National Surety and became vice-president two years later. In 1950 he was elected vice-president of New England Casualty and Springfield F. & M. in charge of casualty and bonding operations. Latterly he has been secretary of Lumbermen's Mutual Casualty in New York.

Mr. Sargent, a fire insurance executive of broad experience and widely known among agents and companies for his underwriting ability, began his career in 1925 with Scottish Union & National. He advanced through various underwriting ranks to become assistant superintendent of the special risks department. In 1942 he joined Home and has been with that company since except for army service. In 1948 he was appointed underwriting manager of the eastern division of Home.

Mr. Sargent succeeds on fire and allied lines underwriting A. H. Stefens, who asked to be placed on the inactive rolls because of ill health.

Mr. Dadd joined London in 1946 after an extensive insurance accounting experience. In 1950 he was ap-



Kenneth J. Bidwell



Joseph W. Sargent

pointed branch secretary of London Assurance and secretary of Manhattan and will hereafter direct all accounting activities of the group.

Mr. Saal entered insurance with Great American. After air force service he joined the London group in 1946 as an underwriter. He was subsequently advanced to state agent in Indiana. In 1951 he returned to the home office to head the production department as agency manager.

Mr. Hoyt has been in insurance since 1938 except for air force service. He joined Royal in 1946 in the inland marine department and later became supervisor of the IM department of Atlas. In 1952 he became IM manager of Manhattan and in addition to those responsibilities now will assume supervision of multiple peril dwelling, burglary and plate glass activities of the group.

Rehabilitation Work May be Stepped Up

The insurance business strongly feels that its program or rehabilitation should be stepped up, the Institute for the Crippled and Disabled was told at New York by Miss Angela R. Parisi, chairman of the state workmen's compensation board.

She said that she has met with insurance representatives to determine how its program could be enlarged and what the effect would be on the state's total economy.

Returning an injured worker to society as a person who can bear his or her share of economic responsibility is not the sole responsibility of any one group, she said, but rests with management, labor, medical profession, insurers, private organizations and the community.



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MacLean Is Elected Executive V-P of National Union Cos.

William MacLean has been elected executive vice-president of National Union companies and will continue as treasurer, board member and member of the executive and finance committees.



William MacLean

W. W. Gerrard, R. F. Keller and W. L. Schreiber were named secretaries and J. P. Hoppa, E. H. Koerbel, C. J. Kuhl, A. S. Voltz and L. W. Weisgerber were elected assistant secretaries.

Mr. MacLean entered insurance with Great American group at its home office in 1927. Two years later he joined Joseph Froggatt & Co., and after serving in various capacities became manager at Philadelphia.

In 1947 he became treasurer of National Union companies, a director in 1949 and vice-president and member of the finance committee in 1951. He became an executive committee member in 1952.

Mr. Gerrard, who joined National Union in 1951, manages National Union's fidelity and surety operations. Mr. Keller joined the company in 1952. He is agency superintendent of the southern department, and Mr. Schreiber joined National Union as state agent in Michigan in 1941. He went to the home office in 1951 as assistant secretary of the middlewestern department of which he is in charge.

Mr. Hoppa joined the company in 1927 and has been an underwriter, manager of the brokerage department and since 1953 agency superintendent of the western department. Mr. Koerbel joined the accounts department of National Union in 1927 and in 1952 became general accounts department supervisor.

Mr. Kuhl joined the company in 1925 and was made supervisor of accounts in the collection department in 1952. Mr. Voltz joined the statistical department in 1934. After four years in the service he returned to the accounting department. He also worked in the marine department, the eastern underwriting department and as a statistician before becoming supervisor of the statistical department in 1950. The first of the year he became manager of the methods and procedure department.

Mr. Weisgerber joined the company in 1951 following several years as a safety engineer for a Philadelphia insurance company. He is presently manager of the inspection and audit department in the casualty operations of the company.

Casler Is Elected Executive Committee Chairman of IMIB

H.W. Casler of North British was elected chairman of the executive committee of Inland Marine Insurance Bureau at its annual meeting at Shawnee on the Delaware, Pa.

In addition to Mr. Casler, other executive committee members named were D. F. Cox Jr. of Appleton & Cox, E. M. Kelley of Hartford Fire, Woodward Melone of Fireman's Fund and John Rogers of Chubb & Son. R. L.

Maxwell of Home was elected to serve the unexpired term of F. B. McBride who has retired.

The 25th meeting was highlighted by a message of congratulations from President Eisenhower who wrote General Manager Harold L. Wayne that "... the financial protection which inland marine underwriters make available for cargo and varied transportation facilities is important in our economy ..."

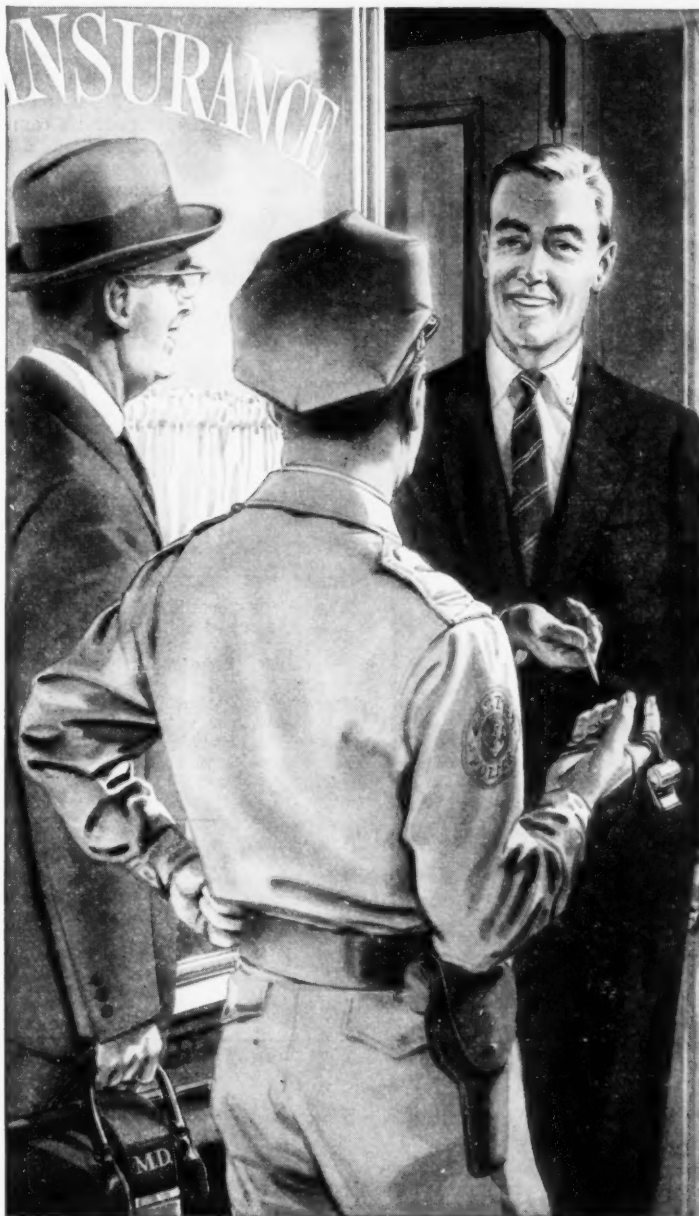
The letter was presented in an anniversary book in which is recorded details of the events leading to the organization of IMUA and some of the

outstanding developments in inland marine insurance during the past 25 year as reflected in the association's activities.

Two Cal. Associations Elect

Kings-Tulare Counties, Cal., Assn. of Insurance Agents have elected R. C. McCormick, as president; William P. Nash Jr., Visalia as vice-president, and Edward Ellis of Visalia as secretary.

New officers at San Carlos-Belmont are: President, Joseph Aaronson; vice-president, Gilbert Slade, and secretary-treasurer James E. Sossaman.



An advertisement similar to this, part of a series featuring the local independent agent and broker, appeared in the March 26 issue of The Saturday Evening POST.

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Like your family doctor and the cop on the beat, your local independent insurance agent is always there. He is the vital link between you and your insurance company. It will pay you to know him better—to work with him closely.

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Paramount Elects Three

William L. Greenway has been elected vice-president and secretary of Paramount Fire. Only recently he was elected vice-president of Pacific National. He has been with the group for 20 years.

John H. Armbruster, president of Armbruster & Co. of St. Louis, has been elected a director of Paramount, filling the vacancy created by the death of James W. Collins.

Newell B. Dayton has been appointed a member of the directors' advisory council. He is president of Tracy-Collins Trust Co. and Tracy Insurance Agency of Salt Lake City.



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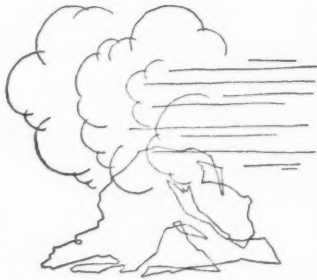
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Simplified Policies Urged by Winslow

The tendency of underwriters is to cut and tailor in too great detail when reaching their decision as to what the final coverage of a particular policy should be, Richard A. Winslow, general counsel of the Boston, said in his talk before Insurance Brokers Assn. of Massachusetts at Boston.

Mr. Winslow, whose topic was general liability insurance, said this characteristic of trying to provide for every case, however bizarre—by either granting or excluding a minute portion of the whole field of coverage—often results in an exception to an exception to a main policy exclusion or something even more refined.

In his opinion, a great deal could be accomplished toward simplification of policy forms if the underwriting committees would only realize that they are the ones who can determine such matters in the first instance and act accordingly, subordinating their personal prejudices for the benefit of the final product—an understandable and reasonably uncomplicated policy contract.

To the extent possible, the underwriters should agree to give a certain branch of coverage with a minimum number of exceptions and exclusions. Furthermore, when they decide that a certain exclusion must be inserted in the standard coverage, it would be helpful if they would not make innumerable exceptions to that exclusion.

Driver Disability Bill Passes Pa. Legislature

The Pennsylvania legislature has passed and sent to the governor a bill authorizing the writing of disability and death benefit insurance for motorists.

Introduced was a bill that would require the state secretary of revenue to impound motor vehicles involved in accidents unless the owners deposit security for their financial responsibility.

New Ohio Cas. Office

Ohio Casualty has opened an office at Fresno, Cal., with Willis S. Sheldon in charge. He has been special agent at San Francisco having joined Ohio Casualty in 1949. He has also served at Cleveland and Chicago.

Ft. Lauderdale Storm to Cost Insurers \$100,000

Insured loss caused by a rain and hail storm which lashed the Ft. Lauderdale, Fla., area April 29 may run as high as \$100,000. General Adjustment Bureau has assigned four additional adjusters to assist the Ft. Lauderdale staff.

The southwest portion of the city was the heaviest hit, with about 500 claims expected from that section due to smashed windows and damaged TV antennas and tile roofs.

GAB estimates there will be at least 1,500 claims on automobile damage, with the average claim running about \$75. The greatest single damage was at Broward International airport where 14 planes were damaged. North America had hull coverages on two planes. One, a Stearman, insured for \$4,500, was a total loss, and \$2,000 damage was caused to the other, a DC-3.

Compliments Gillooly for Good Work in W. Va.

Jack Nuckols of Beckley, W. Va., writes:

I am writing you both as a local agent operating out of Beckley, W. Va., and as a member of the state legislature, concerning your editorial on Commissioner Gillooly in the April 21 edition.

I simply want to compliment you on this editorial inasmuch as it has been my pleasure to work with Commissioner Gillooly both in the insurance business as well as the West Virginia legislature and must say he is a most amazing person.

It pleases me very much to find that someone else is also familiar with our commissioner inasmuch as he is one of the few and perhaps the only one I have ever known who is willing to get off the seat of his pants and go out and see people throughout the state and discuss their problems with them.

Your article is certainly fine and I am sure it will be most helpful to the insurance industry in West Virginia.

N. Y. Retaliatory Law Needs Modifying: Harris

It would appear desirable to modify the New York retaliatory law so that its basic defense purpose can be carried out more effectively than at present, Raymond Harris, deputy superintendent and counsel, told insurance department examiners in their lecture course.

He labeled as unfounded the "impression of present day observers that retaliatory laws were originally passed to break down state barriers erected for the benefit of domestic insurers in order that insurers of other states could do business in such other states on equal terms. The laws actually were enacted at the request of certain insurance interests who hoped to prevent competition. The spread of the laws was facilitated by the courts, who took a charitable view of them.

Differences in the various states' laws make administration of section 61 difficult because, in administering the retaliatory law it is necessary to observe scrupulously the provisions of the laws of the foreign state, he said.

Marine War Risk Bill Moves

WASHINGTON—A bill that would extend for five years the marine war risk insurance provisions of the Merchant Marine act has been favorably reported by the Senate committee on interstate and foreign commerce. The program is scheduled to expire in September unless extended.

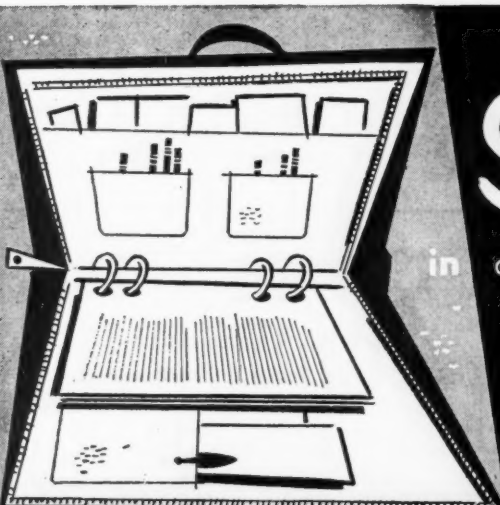
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Tackles Proponent of Compulsory Auto on Insured Figures

Ray Murphy, general counsel of Assn. of Casualty & Surety Companies, wrote the following letter to the New York Times, on a subject of wide interest to the casualty insurance business, following a Times editorial exploring failure of the New York legislature to adopt compulsory:

In the Times editorial of April 26 "The Uninsured 10%" it is stated that "The first dependable figures available now indicate that nearly one automobile in 10 registered in New York state is not covered by liability insurance."

The casualty insurance business long ago recognized that adequate and reliable figures were lacking as to the number of percentage of insured cars in New York. It was the casualty insurance industry which proposed the enactment of legislation in New York which would require registrants to reveal whether they carried liability insurance.

In 1952, at industry request, the legislature passed a law on a permissive basis which authorized the commissioner of motor vehicles to obtain such information from registrants. For reasons never publicly announced (to our knowledge) the commissioner elected not to exercise his authority under that law. In 1954, at industry urging, the law was amended to make it mandatory for the commissioner to obtain the information. It was under this law as so amended that the commissioner obtained the figures on which the editorial statement above quoted was based. In 1955, against casualty company opposition, that law was repealed.

There is one rather important fact which the Times editorial does not consider, which is the percentage of insured cars involved in reported motor vehicle accidents in New York. The last years for which figures are available as to this were 1952 and 1953. In 1952, according to official motor vehicle department release, in 96.09% of reported accidents there was insurance. In 1953 the percentage was 95.82. Additionally, thousands of uninsured motorists involved in reported accidents in each of those years otherwise filed evidence of financial responsibility, and thousands of others obtained and filed releases. Thus it will be seen that as to reported accidents in a very high percentage of cases, perhaps as high as 97 or 98%, insurance or the substantial equivalent thereof was involved.

If the bill requiring registrants to reveal whether they carry liability insurance were still in effect, and if adequate figures were available as to the percentage of insured motorists establishing financial responsibility when involved in reported accidents, and as to the uninsured motorists who otherwise obtain and file releases, then for the first time the public would know the actual extent of the problem created by the financially irresponsible motorists. Unfortunately, such figures relating to any given time are not available. On the face of it, that problem appears very small, percentage-wise.

Another consideration, admittedly conjectural to an extent, is that quite a considerable number of motorists drive so little, e.g., metropolitan New York motorists whose cars can be seen parked without removal for days and weeks at a time, and, e.g., the rural mo-

torist who drives in non-congested, generally accident-free areas. As to these, the probability of being involved in a reportable accident is relatively remote and for that reason the motorists are not impressed with the need for liability insurance.

In any case it is at least debatable that we are not "worse off than we thought," and that we are rather remarkably well off.

F. & D. on High School Bond

LOS ANGELES—Long Beach school district trustees have awarded a contract to the Gus K. Newberg Co. of

Chicago at a price of \$3,787,800 for construction of a high school. Fidelity & Deposit is surety on the work through its Chicago office.

Hurricane Damage Suit Goes to Jurors in S.C.

A case in which a South Carolina woman is suing Harford Mutual of Maryland, Implement Dealers Mutual of North Dakota and Lititz Mutual of Pennsylvania for \$20,000 for damage from Hurricane Hazel to her combination business-residence property at Garden City has been given to a jury of federal court at Florence.

Mrs. Daisy D. Haile, now of Columbia, is asking for the face amount of the policies issued by the three companies on her property, claiming it was damaged by hurricane winds while the companies contend it was damaged as a result of water and wind driven water, not covered by the policies.

Conn. Fair Trade Bill Moves

The Connecticut house has passed and sent to the senate a fair trade practice bill. This would give the insurance commissioner the authority to investigate and regulate such practices as false advertising, boycott, intimidation coercion, etc.



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EDITORIAL COMMENT

American Insurance Is Dynamic

A Belgian correspondent wonders if we should like to have an article dealing with the problem of evaluating and settling personal injury claims. Included is the suggestion from New South Wales that if some method could be devised to stabilize awards, many more claims would be settled by negotiation and the courts would not be so congested.

Our correspondent explains that modern economic conditions cause many accidents, whereas the legal principles that now apply to personal injuries were drafted 50 years ago when accidents were few. He comments on the difficulty of reaching an agreement out of court on what the victims should be paid as indemnity, which leads him to discuss workmen's compensation and the possibility of applying the compensation principle to automobile accidents.

The article is an interesting one, but its reasoning is contrary to trends and thinking in the United States. It is the belief of U. S. underwriters that controls might solve some problems. They might slow up rising claim costs. They might reduce the difficulties in settling third party accident claims.

But in the United States underwriters would rather have their problems than reduce insurance to the measured monotony of workmen's compensation. One problem created by applying the compensation principle to other types of accidents would be to make insurance less dramatic and less salable. It is presently both, in the U. S., because (1) basically the accident or occurrence is unexpected and maybe fantastic and (2) the amount of jury award may be enormous. Thus insurance is dynamic. With imagination and aggressiveness more of it can be placed each year, all other factors in the economy being equal.

Also, it is possible that the combined expansion and inflation rate in America is so rapid that even if you put a halter on one factor such as claim cost, since not all parts of the economy are expanding or inflating as rapidly as others, you might slow down that one only to have another run away.

In any event, it appears likely that the majority of underwriters and agents in the U. S. are opposed to the imposition of system by the state. They are opposed to giving away any more of the prerogatives of management. If the state is called on, via legislation, to require insurance, as in the case of

workmen's compensation, of necessity it must get much closer to control of rates.

In a reasonably free economy, insurers trade risk of losing money (underwriting loss) for the opportunity to make some. Workmen's compensation has worked well, but there is not much profit possible for those who write it or handle it. The demand from labor and the pressure from the state are always in the direction of lower rates and higher benefits.

When everyone who is injured, regardless of fault, is compensated, the big loss is whittled down and delayed settlement is speeded up. But it is quite likely that the number of losses will increase, and the tendency is to pump air into the little ones. In the end there is no assurance that the compensation system would make it easier for insurers to show an underwriting profit.

It is commendable that many of those in the insurance business, including those in other parts of the world than in the U. S., would like to see an improvement and a speed up in the settlement of injury claims because of humanitarian concern for those victims of accidents who must wait so long to be reimbursed. However, the tardiness of court settlements is essentially a problem for the courts, not the insurance business. The latter should and has indicated its willingness to cooperate in any way appropriate and possible to help solve the problem of court congestion. But for the business to regard itself as primarily responsible for the solution of this problem would be presumptuous. It would actually be poaching on the preserves of the judicial establishment if it were to act upon this assumption.

The insurance business did not invent the motor car or any of the other modern machinery which produces accidents. Simply because the business insures people against the consequences of accidents it is not responsible for them or for their congesting the courts. If automobile manufacturers make automobiles that go faster and faster, and if courts become slower and slower in the settlement of cases, the unfavorable effects are not therefore the responsibility of the insurers. Automobile accidents are the responsibility of the state and its police. Public spirited organizations, like those in insurance, can help, but only as part of the citizenry; it is not their primary responsibility.

ability. The problems of slow adjudication belong to the courts and will have to be solved by them, not by the insurance companies.

While the state is attempting to solve the problem of accidents and the courts that of congestion, in other parts of the economy the uses and users of machines and materials will be increasing so that the possibility of accident will grow along with the potential increase in the occurrence of the unusual and unprecedented.

The insurance business thus deals with a dynamic, growing, changing world of hazards. The need for insurance grows with the economy—and the insurance business has enough to do to keep up, to take care of its own particular problems.

PERSONALS

Robert J. Vanderbeck, who resigned as assistant manager of Eastern Underwriters Assn. to become assistant vice-president of Recording & Statistical Corp., has 18 years' experience in the insurance business. He entered the business in 1937 with North British and after service in the second world war joined the local agency of G. H. Beckman at Teaneck, N. J. He later joined American Insurance group as an Illinois special agent and in 1948 joined Eastern Underwriters, for which he assisted Manager Frederick W. Doremus in organizing its public relations program.



Robert J. Vanderbeck

H. G. Seibels, president of Birmingham Fire of Alabama and of Jemison-Seibels agency, will receive an honorary doctor of civil law degree June 13 from his alma mater, University of the South at Sewanee, Tenn., in recognition of his achievements in finance, commerce and business administration. Birmingham Fire was organized by Mr. Seibels in 1925. The conferring of the degree on Mr. Seibels has been supported by the Episcopal church in Alabama.

Wallace Stevens, vice-president of Hartford Accident, has been awarded the Pulitzer prize for poetry based on his book *The Collected Poems of Wallace Stevens*. With the company since 1916, he has written many volumes of poetry.

Graham L. Russell, a secretary of Royal-Liverpool group, has been named chairman of the first insurance-wide employee campaign of the Great-

er New York fund. Those serving on the insurance committee include **John H. Washburn**, assistant vice-president of Home; **Walter Wescott**, secretary of America fore group, and **Warren Partridge**, personnel director of Atlantic Mutual.

Archie M. Stevenson, who will become a partner in Chubb & Son effective July 1, has been a partner in Bigham, Englar, Jones & Houston since 1948. Previously, and prior to the second world war, he was a partner in Dorris, Stevenson & Cooper at San Francisco. He is at present a director of Federal, one of the companies operated under the management of Chubb & Son.



Archie M. Stevenson

Fred W. Soderberg Jr., controller of Marsh & McLennan, has been elected to membership in the Controllers Institute.

William C. McIlwain, who has been named a secretary of North Star Re, joined the company in 1953 as an underwriter and became assistant secretary in 1954. His experience includes serving as a special agent in fire lines for U. S. F. & G. at Memphis. He was also with Seibels, Bruce & Co.



William C. McIlwain

Morton T. Jones, president of Kansas F. & M., and managing director of R. B. Jones & Sons, Kansas City, was awarded the bishop's medal for his work as chairman of the diocesan expansion campaign by the Episcopal diocese of west Missouri. The presentation was made by the Right Rev. Edward Randolph Welles, D.D., S.T.D., bishop of west Missouri.

Crown Holler, local agent at North Tonawanda, N. Y., is ill following a heart attack.

Buy Peoria Transit Lines

ST. LOUIS—Peoria Transit Lines company of Peoria, Ill., has been purchased by Tisco, Inc., a new corporation formed for the purchase by Preston Estep, Lloyd E. Boas, and William Conway, president, general counsel and secretary, respectively, of Transit Casualty Co. Mr. Estep is president of the new company, with Mr. Boas as vice-president and Mr. Conway as secretary. The purchase was made from E. Roy Fitzgerald, president National City Lines, of Chicago and Daniel McGlynn, an East St. Louis attorney.

The NATIONAL UNDERWRITER

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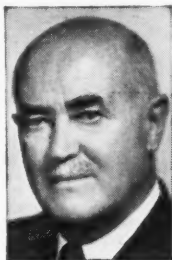
PHILADELPHIA 9, PA.—123 S. Broad Street, Room 1127, Tel. Pennypacker 5-3706. E. H. Fredrikson, Resident Manager.

SAN FRANCISCO 4, CAL.—Flatiron Bldg., 544 Market St., Tel. Exbrook 2-3054. A. J. Wheeler, Pacific Coast Manager.



DEATHS

THOMAS J. PRINDIVILLE, 81, chairman of Rollins Burdick Hunter, died in New York City in Harkness pavilion of Presbyterian hospital. He had resided in Chicago until he took up residence in New York in 1931. He also maintained a home in Hope Sound, Fla.



T. J. Prindiville

In 1922 the firm which he headed, Thomas Prindiville & Son, dealing principally in marine insurance, was merged with Rollins Burdick Hunter and Mr. Prindiville became a vice-president of the combined company. In 1931 he was elected president and board chairman, the latter position which he held until the time of his death.

Mr. Prindiville, who served as a lieutenant commander in World War I, loaned his yacht, Suzanne, to the government as a submarine chaser.

HAROLD T. CARTLIDGE, 76, retired deputy U. S. manager of Royal-Liverpool group fire companies, died at home at Sarasota, Fla. He had retired in 1943. Mr. Cartlidge joined L. & L. & G. in 1922 as associate manager at Chicago, becoming manager several months later. In 1929 he transferred to New York as assistant U. S. manager of Liverpool and in 1934 was made deputy U. S. manager of the group's fire companies.

L. C. NICHOLS, 71, who had retired in 1950 as Wayne county, Mich., manager of National Union, died of a heart attack. He had been in insurance 50 years.

ABRAHAM D. EPSTEIN, 70, who had operated the Alert agency of Elmira, N. Y., for the past nine years, died there.

JOHN A. MAGNUSON, 62 with Policy Holders Union, insurance advisors, Chicago, died there. In the insurance business for 40 years, Mr. Magnuson had been an official of Policy Holders for about 35 years.

W. LOUIS RAE, assistant secretary of Northwestern National, for the past six years, died. With the company since 1920, he had worked in various departments and in the field before joining the home office staff.

WILLIAM F. FINN, 72, Seattle local agent and broker who had been active in insurance business for more than 40 years, died there after a brief illness.

CORNELIUS H. KLENE, 61, broker with W. A. Alexander & Co., Chicago, died in Little Company of Mary hospital there. Mr. Klene went with Alexander in 1928 as an employee, becoming a broker in 1939.

CHARLES A. BODWELL, 74, who had been in the insurance and real estate business in Parsons, Kans., for 40 years, died at his home there. He had retired early last year, selling his interest in the Bodwell & Lemmond agency to his partner, E. W. Lemmond.

MRS. MARY MYERS HOOKER, 86, who was associated for many years and later took over the operation of the former Myers and Wilkinson Insurance Agency, Milwaukee, died at her

home. Her father, Jacob O. Myers, was an early Milwaukee agent.

CEDRICE L. SCOTT, 55 died at his home in San Marino, Cal., after an illness of several months following a heart attack. He was a member of the firm of Scott & Co., brokers, with offices in Los Angeles and San Francisco. A CLU, he also was an agent for a number of life insurance companies.

GEORGE E. MOULTON of Newburyport, Mass., a former secretary of Chase & Lunt agency there, died.

JEREMIAH C. DURICK, Fair Haven, Vt., local agent, died there. He had been in the business for 50 years.

MRS. MARY C. KELLY, mother of Ambrose B. Kelly, general counsel of the Factory Mutuals, died recently. She was buried in Chicago, where the family had lived. For the past few years, Mrs. Kelly had lived in Detroit with her daughter, Mrs. W. J. Murphy.

Ohio Farm Bureau to 'Evaluate' Sales Counters July 11

COLUMBUS, O.—Ohio Farm Bureau companies will "evaluate the success" of their department store insurance sales counters in the Washington, D. C., area after "the experimental period" is concluded July 11, according to Bowman Doss, executive vice-president of the companies.

The Farm Bureau companies rented space in the Hecht Co. stores in Washington, D. C., Silver Spring, Md., and Arlington, Va., on April 11, "for the purpose of making insurance services more readily available to the public," Mr. Doss said. He said the new method of "distributing insurance services" will have been in existence long enough by July 11 to permit an evaluation of its success.

Michigan A&H Men Hear Mathews

Roy G. Mathews, East Lansing, Mich., state manager for Federal Life & Casualty, addressed Central Michigan A&H Underwriters Assn. on the importance of adequate disability coverage. Mr. Mathews is president of Michigan State Life Underwriters Assn.

STOCKS

By H. W. Cornelius, Bacon, Whipple & Co.
135 S. LaSalle St., Chicago, May 10, 1955

	Div.	Bid	Asked
Aetna Casualty	3.60	202	
Aetna Fire	2.40	72	73½
Aetna Life	3.00*	199	203
Agricultural	1.60	36½	38
American Equitable	1.70	40	41
American Auto	1.20	28½	30
American, (N. J.)	1.20	33½	34½
American Motorists	.24	16½	17½
American Surety	3.00	84	86
Boston	1.60	43½	45
Camden Fire	1.15*	29½	30½
Continental Casualty	1.40	115	117
Crum & Forster com.	1.80	74½	76
Federal	.80*	40	41½
Fire Association	2.20	58	59
Fireman's Fund	1.80	75	76½
Firemen's, (N. J.)	1.10	42	43
General Reinsurance	1.80	49	50
Glens Falls	2.00	80	81½
Globe & Republic	.90	22	23½
Great American Fire	1.50	45	46
Hartford Fire	3.00	182	185
Hanover Fire	2.00	51½	52½
Home (N. Y.)	2.00	51½	52½
Ins. Co. of No. America	2.50	113	115
Maryland Casualty	1.40	40	41
Mass. Bonding	1.50*	41	42
National Casualty	1.50*	40	Bid
National Fire	3.00	102½	104
National Union	2.00	48	49½
New Amsterdam Cas.	1.80	57	58½
New Hampshire	2.00	56	58
North River	1.40	39	40½
Ohio Casualty	1.80*	85	Bid
Phoenix Conn.	3.00	89	91
Prov. Wash.	1.00	26½	27½
St. Paul F. & M.	1.10	61	62½
Security, Conn.	1.60	49	51
Springfield F. & M.	2.00	64½	66
Standard Accident	1.80	77	78½
Travelers	19.00*	2425	2450
U. S. F. & G.	2.00	79½	81½
U. S. Fire	1.80	56	Bid

*Includes Extras.

No. America Names Dickinson Resident V-P for Europe

PHILADELPHIA—Malcolm M. Dickinson has been appointed resident vice-president for Europe by the North America group.

President John A. Diemand said the move emphasizes the importance that North America attaches to its expanding European operations.

Mr. Dickinson joined North America in 1924 and has served as general manager of the Newark service office and assistant secretary of Indemnity of North America. He has most recently been a manager in the New York office of the group.

Mr. Dickinson is now in Europe and will make his headquarters at the Hague, Holland, where this week he and his staff moved into North America's own building. Extensive renovation of the building, acquired in 1953, is now under way.

Mr. Dickinson's principal assistants will be H. A. Irminger, J. W. Wijlacker and Julian Story. The North America

group operates in Europe on the same basis as in the United States for insurance, reinsurance, and loss service.

Minneapolis Fire May Exceed \$1 Million Mark

MINNEAPOLIS—The worst fire in a decade to strike here has been estimated to have caused losses which may exceed the \$1 million mark. A four-story warehouse formerly occupied by the Ford-McNutt Co., a glass firm, was totally destroyed and three other buildings heavily damaged. Also, a heavy wind carried embers to nearby buildings and set 14 roof fires.

The work of 135 Minneapolis firemen and all available equipment, plus four companies from St. Paul, was credited by Chief Reynold Malmquist as preventing what could have been a much greater loss.

To Form Public Ins. Co. of Ind.

Public Ins. Co. has filed intention to incorporate under Indiana law, articles of incorporation to be submitted May 19. Principals include J. Richard Freije, an agent at Indianapolis, and others.

ARE INSURANCE AGENTS PUBLIC SERVANTS?

One of a series to help agents combat direct writers

YES — BUT NOT IN THE SERVILE SENSE OF BEING SLAVES OR BONDSMEN.

Rather we believe in the broader interpretation of being those devoted to the service of others. Such service encompasses a wide variety of experience and technical knowledge. Without your expert advice, Mr. Agent, the insuring public would have only a superficial knowledge of what forms of protection are available; they would be unaware of changes in coverage which could vitally affect their homes or their businesses; and they could not possibly know which policies they required to give them adequate protection.

In fact, agents should be proud to be known as public servants since they fill an honored place in the American economic system.



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or this . . .



when you have
THIS!



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American Auto Names Four in Changes

Several executive appointments have been made by the American Automobile and Associated Indemnity.

James R. Hughes, head office underwriting executive, at his own instigation is returning to Philadelphia as vice-president. Mr. Hughes originally established the branch at Philadelphia in 1930.

Donald P. McKay, who has been in charge at Philadelphia since 1950, will join the head office staff as vice-president and senior executive in the operations department. In this capacity he succeeds Charles S. Cotsworth, who advances to a new position of general administrative responsibility.

Succeeding Mr. Hughes at the head office is Ferd M. Cook, who has been named chief executive for underwriting operations.

Mr. Hughes, a graduate of the U. S. naval academy, started with American Auto in 1927. He was in charge at Philadelphia from 1930 until 1950, and then was at New York as vice-president before going to the head office in 1953.

Mr. McKay, a University of Wisconsin graduate, started with a general agency in 1927 and was with several companies from 1929 until 1941 when he joined American Auto in Chicago as field representative. He became underwriting supervisor there before going to Philadelphia as assistant manager in 1948.

Mr. Cotsworth started at Chicago in 1934 and was appointed to the head office in 1937, becoming superintendent of agents. He was elected an assistant vice-president in 1948 and vice-president in 1952. He became senior executive for field operations in 1953. He is a graduate of Dartmouth.

Mr. Cook started in insurance in 1930, joining American Auto at Kansas City in 1940 as field representative. The following year he went to the head office and in 1942 was made assistant superintendent of the automobile division. In 1946 he became automobile division superintendent, and in 1949 he was elected assistant vice-president. He became vice-president in 1952 and staff executive for general underwriting in 1953. He is a graduate of Kansas City school of law.

Plan New Cal. Reciprocal

LOS ANGELES—All-Coverage Underwriters has made application to the California department for a permit to solicit powers of attorney for surplus contributions and applications in order to organize a reciprocal to be known as All-Coverage Automobile Exchange. The amount sought is \$200,000. The president of the underwriting company is Ruben G. Horwitz, who was chief organizer of Republic Indemnity of California.

In the application it is stated that approximately 500,000 persons of "Spanish-Indian or other than Caucasian descent reside in Los Angeles county" and that many of them do not own automobile insurance. The application says that the reciprocal can render a service to this group.

Describe New Auto Policy

Charles Griffith and Bruce Ferguson of Royal-Liverpool group were speakers at the April meeting of San Antonio Insurance Exchange. They talked on the new automobile policy. The members voted to let the board of directors make a recommendation as to whether San Antonio agents should close on Saturdays. The indications are that the members are divided about 50-50 on this matter.

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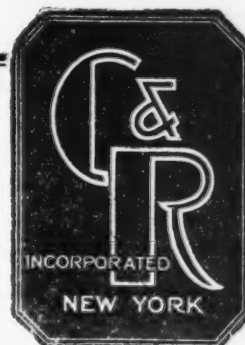
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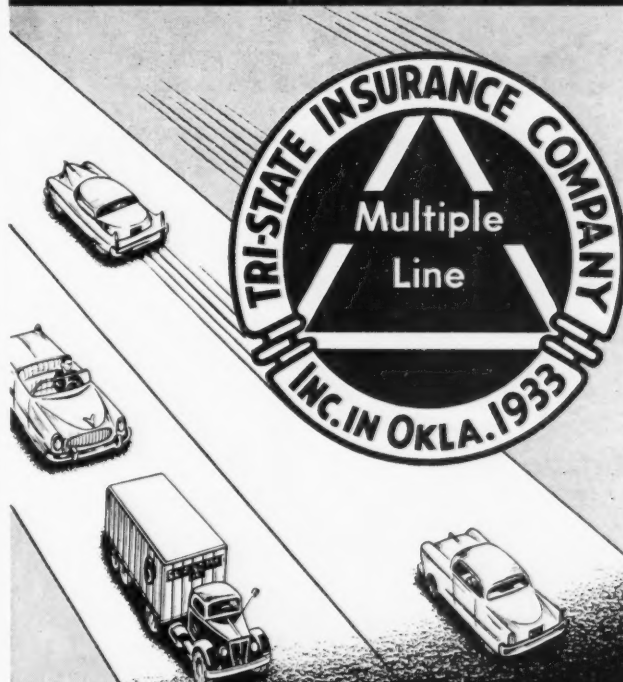
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ACCIDENT AND HEALTH

Tells Doctors A & H Main Socialized Medicine Block

If U. S. doctors are to avoid socialized medicine they must reexamine the entire health insurance setup, according to George U. Wood, vice-president of Peralta hospital, Oakland, Cal.

Addressing a meeting of Western Hospital Assn., Mr. Wood said only private health insurance programs which are adequate to withstand a major depression will prevent national health schemes. He visualized nationalization as occurring as soon as large numbers of persons "need medical care and cannot afford to buy it. If employment becomes wide spread, any government, Republican or Democrat will be forced to step in and fill the need in its own way and on its own terms." He added there is a "crying need for realistic coverage".

Mortimer J. Adler, founder of San Francisco Institute for Philosophical Research, stated hospitals should guard against using business methods as their only yardstick, stressing they are staffed by professional people whose purpose is not "merely to make money but to perform work worth doing for themselves and for society."

Dr. C. G. Salsbury, commissioner of Arizona department of health, criticized hospital administrators who permit critical patients to be held up in the lobby pending a cash deposit or the signing of papers by relatives.

Polio Indemnity Increased

American Progressive Health of New York has increased the aggregate indemnity of its polio policy from \$5,000 to \$10,000 without an increase in premium.

American Progressive Is Entering 10th Year

American Progressive Health of New York, which soon will begin its 10th year, has expanded its home office and occupies nearly an entire floor at 92 Liberty street.

The company, which has shown large and steady increases in premium income and assets since its organization, has pioneered many policies. It issues special forms to meet seasonal demands, and was one of the earliest insurers to offer a "polio-cancer and nine dread disease" coverage.

The president and founder of American Progressive, Kenneth P. Lamont, has been active in A&H insurance all of his business career. He has made "Fit-the-need protection" the company's guiding principle.

St. Louis Blue Cross Rate Boost Ranges Up to 84%

ST. LOUIS—Rate increases from 11% to 84% were made effective May 1 by Group Hospital Service, the St. Louis Blue Cross plan. Benefits in some cases were increased, as were allowances for private rooms, out-patient care and non-service hospital expense.

The two-member classification is being eliminated and such married couples will pay the higher family membership dues. Family membership in employer groups will be increased from \$4 to \$4.60 per month, and those who have been paying only \$2.50 a month for their two-member dues will now pay \$4.60, an 84% boost.

Individual dues have been raised from \$2.25 to \$2.50 a month, and the family rates have gone from \$4.25 to

\$5 a month. There also has been a 38% rate increase for persons holding memberships through special groups such as Automobile Club of Missouri.

All members now will be entitled to 70 days of hospital care per admission, and those remaining in hospitals beyond that period will receive an allowance of \$3 a day for an additional 180 days. Benefits for out-patient care have been increased from \$15 to \$25 per admission. The non-service hospital allowance has been upped to \$10 a day.

Ill. Mutual Casualty Expands

Illinois Mutual Casualty has expanded operations to Colorado, Iowa, Florida and Arizona for A&H, hospitalization and medical-surgical coverages. The company is now operating in 11 states.

John B. Weaver has been named field supervisor and general agent in Colorado with headquarters at Aurora; Edward A. Rose is field supervisor in charge of Iowa with headquarters at Des Moines; Insurance Unlimited (Elmer Staugler and Rex Huffman) is the general agency in Florida, with headquarters at Orlando, and Wilkerson agency of Phoenix is general agency in Arizona. The Wilkerson agency also handles Illinois Mutual Casualty in Michigan.

Pacific Mutual Introduces New Hospital Expense Plan

Pacific Mutual Life has introduced a new major hospital expense plan. It will pay 75% of hospital expenses covered in the contract, in excess of a deductible of \$100 or \$300, and up to \$5,000 for any one sickness or accident. Expenses covered include hospital room and board and miscellaneous services, ambulance charges and private nurse expense incurred while hospitalized.

Though designed primarily for family protection, the plan also will be available to adult individuals.

Minnesota A&H Agents' Sales Congress Draws 250

Sales executives of several companies addressed the annual sales congress of Minnesota Assn. of A & H Underwriters, held at St. Paul. About 250 attended.

Speakers included L. A. McKinnon, Flint, Mich., president of the International association; W. H. Gove, sales vice-president of E.M.C. Recordings, St. Paul; Jack B. Taylor, director of sales methods, Mutual Benefit H. & A.; W. J. Reiss, sales consultant with Prudential at Minneapolis, and Carl A. Ernst, A&H director for North American L. & C.

Milwaukee A & H Men Meet

MILWAUKEE—Robert Campbell, assistant vice-president Continental Assurance underwriting department, discussed the selection of risks at the monthly meeting of A&H Underwriters of Milwaukee. Following the general meeting, the sales congress committee met with Thomas Callahan as chairman to discuss plans for the state meeting to be held in Milwaukee Aug. 19-20.

Underwriters Hear McCarthy

Automobile Underwriters Club of New York heard Allen H. McCarthy, eastern branch secretary of National Automobile Underwriters Assn. speak on automobile physical damage insurance at a meeting at Drug & Chemical Club.

Spokane Agents Hear Talks on WC
Leo Fredrickson, Spokane attorney, discussed the Washington industrial insurance law at a meeting of Spokane Insurance Assn.

The speaker, who has specialized in workmen's compensation cases, discussed the method under which the present act is being administered. He outlined procedure for filing claims.

Southern National Accepts FTC Order

The federal trade commission has adopted a consent order under which Southern National, which was cited by FTC for alleged misrepresentations in A&H advertising, is not to make certain representations in advertising A&H policies. The FTC approved the initial decision by Examiner Cox accepting agreement between counsel representing the company and government counsel supporting the complaint. Acceptance of the order does not constitute an admission by Southern National that it had violated the law.

Under the consent order, the company may not represent directly or by implication that its policies can be continued in effect by insured indefinitely or for any period of time when, in fact, the company may cancel them at any time; that no medical examination is required or that the applicant's health is not a factor unless it is conspicuously shown that claims are limited to illnesses not caused by conditions existing before issuance of the policy; that the policy provides indemnification for all kinds of sickness or accidents when this is not true, and that the policy will pay in full or in any specified amount the cost of any medical, surgical or hospital service unless the policy provides that the actual cost will be paid in all cases up to the amount represented.

Hear A&H Panels at N. Y. C.

New York A & H Club at its May meeting heard a panel discussion of various phases of A&H underwriting and claim administration.

Discussing underwriting were Ray L. Hills of Great American Indemnity, J. M. Ryan of Metropolitan, Robert Ryan of Royal Liverpool and J. M. Wickman, Mutual of New York.

Claims administration was the topic of C. Michael Cronin of Travelers, Carl Jones of Commercial Travelers Mutual Accident, Thomas E. McGrath of Connecticut General Life and James R. Neligan, Continental Assurance.

Start All-American's New Office

Construction has begun on All American Casualty's new \$500,000 home office building in Park Ridge, Ill., with occupancy scheduled for November, 1955. Company growth over the last three years, a period during which premium income increased 635%, made it necessary to seek quarters larger than present offices at 53 West Jackson boulevard in Chicago.

Of Georgian Colonial architecture, the new three-story brick building will be entirely air conditioned and contain 8,000 square feet of floor space on each floor. The company originally will occupy two floors, renting the third.

Roanoke A&H Men Organize

Roanoke (Va.) Assn. of A & H Underwriters was formed at a meeting addressed by William Coursey, managing director of the International association.

J. Clarke Wray, Washington National, served as chairman, and William Bradshaw, Monarch Life, was named temporary secretary. Named to the committee that will help complete organization were E. V. Cox, Mutual Benefit H. & A.; L. H. Whitwell, Monarch Life, and Ernest Baker, who heads a Roanoke agency. The next meeting is scheduled for June 1.

Study Army Dependents' A&H Plan

Maj. Gen. G. E. Armstrong, army surgeon general, says the army is favoring a plan similar to Blue Cross and Blue Shield for medical care of servicemen's dependents, although no details have been worked out.

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Tells Indiana A&H
Muster Blue Cross,
Enjoys 'Privileges'

Indiana Assn. of A&H Underwriters went after Blue Cross hammer-and-tongs at its first annual meeting in Indianapolis. The action was sparked by a prepared statement from Oren Pritchard, chairman of the state law and legislation committee of National Assn. of Life Underwriters. He charged that Blue Cross in the state seems to operate under many of the special privileges it failed to get by legislation in 1943. The discussion was fanned by allegation from the floor that Indiana newspapers refuse even to report talks criticizing Blue Cross, that the highest elected officials of the state lend it their support, and that Blue Cross and Blue Shield do not pay the gross income tax required of other domestic insurers. As a result of the discussion the meeting appointed a special committee to investigate Blue Cross-Blue Shield operations in the state.

Mr. Pritchard, manager of Union Central Life in Indianapolis who only last week was named by the state life association "Hoosier Life Underwriter of the Year," was absent from the city, but submitted a prepared statement to be read by John Morris, Hoosier Casualty, Fort Wayne.

In his statement, Mr. Pritchard commented that in 1943 legislation that would have permitted the organization of such an insurer as Blue Cross outside the jurisdiction of the insurance code of the state was defeated. Consequently, Blue Cross and Blue Shield in Indiana are organized as mutual insurance companies, their true names being "Mutual Hospital Insurance Co." and "Mutual Medical Insurance Co."

"Despite the fact that special privilege by legislation was denied such organizations in Indiana," the Pritchard statement declared, "Blue Cross-Blue Shield indulge in many practices different from the method required of other domestic and foreign companies operating under exactly the same set of laws which apply to Blue Cross. It would almost appear that they have political influence sufficient to give them and their peculiar methods . . . the same special privileges they were denied in 1943."

In floor discussion, Mr. Morris, who is president of the Fort Wayne association, reported that when a recent speaker before his group made documented charges against Blue Cross all reference to Blue Cross was deleted from prepared news releases submitted to the local press. Other members alleged that letters from the governor's office have been used to introduce Blue Cross representatives, that despite the fact that domestic insurers are subject to the state's gross income tax, Blue Cross does not pay it, and that in using the volunteer soliciting aid of social sororities and other civic organizations, Blue Cross may be violating the agents' licensing laws.

William Highfield, R&R, a member of the educational committee of the International association, reported on the progress of the new Disability Insurance Training Council.

The public concept of adequate disability coverage has increased greatly in the past few years, Spafford Orwig, Orwig Agency, Indianapolis, a member of the board of IAAHU, stated. "The

day of \$25-a-week coverage for 13 weeks is gone," he declared. "Today the public recognizes such coverage as ridiculously inadequate and is ready to buy realistic amounts if only we'll get out and sell it to them."

Mr. Orwig also reported plans for formation of two new local A&H associations in the state in the coming year, one in the Gary-Hammond region near Chicago, and another in Evansville in the south.

Elected as new officers were Mr. Morris, president; Glen Fateley, John Hancock, Indianapolis, Wilbur Lawall, Lincoln National, South Bend, and Joe Mettler, Illinois Mutual Casualty, Huntington, vice-presidents; R. W. Osler, Rough Notes Co., secretary, and Harry Guion, Business Men's Assurance, Indianapolis, treasurer.

Elected to the board were Harry Dickinson, Prudential, Fort Wayne; Glen O'Laverty, Business Men's Assurance, Bluffton; Howard Bull, Aetna, and R. R. Hauck, Metropolitan, both of Indianapolis; Ann K. Wilson, Russell agency, Elkhart, and Earl Frei, Mutual of New York, South Bend. Noel Iiams, Business Men's Assurance, Indianapolis, is the out going president.

A joint luncheon with the Indianapolis association was addressed by Sigurd Stottrup, Mutual of Omaha, Fort Wayne.

First Joint Midyear
of SEUA-EUA in June

Eastern Underwriters Assn. and Southeastern Underwriters Assn. will hold their midyear meetings at the Homestead, Hot Springs, Va. June 13-15.

The business meetings will be separate but social activities will have representatives of both organizations as participants. EUA will wind up its meeting in two days, SEUA in three. This is the first time the two associations have met together.

EUA and Western Underwriters Assn. held a joint meeting in Canada in the 1930s. One purpose of the simultaneous session at Hot Springs is economy of time and money.

N. C. Licenses American Mercury

American Mercury of District of Columbia has been licensed in North Carolina where it will specialize in casualty coverages for crop dusters.

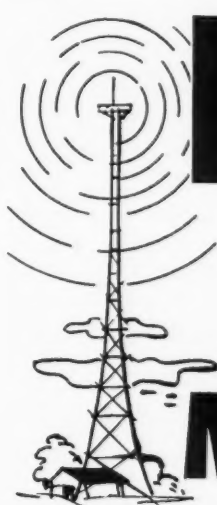
N.Y. Department Has
Two New Volumes Ready

The New York State insurance department has published volumes 5 and 6 of *Examination of Insurance Companies*, which comprises a series of lectures presented over a period of three years to department examiners.

Volume 5 is largely concerned with the making of rates and the manner of their review and approval by the supervisory authority. Special aspects of supervision are also considered and there is a legal analysis of the reciprocal provisions of the New York insurance law, commonly referred to as retaliatory laws.

Volume 6 includes a number of significant developments currently taking place in the insurance business and the regulatory process, three lectures are devoted to the social, legal and economic aspects of insurance and twelve officials of trade and service publications in the business discuss the history, purposes and functions of their respective organizations.

Volume 1 and 2, 3 and 4 and 5 and 6 are available at \$15 per set from the insurance department's publications division-research bureau, 61 Broadway, New York.



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Insurers Are Urged To Establish Market for Atomic Hazards

The governing committee of National Assn. of Insurance Brokers has adopted a resolution urging the establishment of an adequate domestic insurance market to afford coverage for hazards arising out of the commercial use of atomic energy.

The resolution says that such a market should be established by private enterprise free from any government financing or control other than that covered by state laws and "that the traditional divisions in the business relating to kinds of insurance and methods of doing business be subordinated to these ends until education and the spread of risk shall permit the establishment and maintenance of truly competitive markets."

A special association committee was appointed to study the problem. In its report it noted that the insurance business approached the problem with the assumption that the coverage of potential catastrophic hazards was almost beyond the capacity of the domestic market, but strongly felt such a market should be established by private enterprise.

To Stick With Stock Cover

Winnebago county, Wis., board of supervisors has decided to continue to purchase its insurance through local

agents rather than to convert to the state insurance fund. A large number of agents attended the meeting at which this matter was discussed. Eighteen months ago the board voted to go into the fund but the action was rescinded the next day and a committee set up to make an investigation. The current report shows the state fund plan would save the county \$5,309, but the proponents of private coverage convinced the supervisors that the county would be better off with stock company coverage.

Move Under Way in La. to Repeal Auto FR Law

Louisiana's auto financial responsibility law, adopted in 1952, has increased from 22 to 68% the number of motorists carrying liability insurance, Chester Owen, public safety director, said in a statement defending the law.

A bill that would suspend the law is expected to be introduced in the legislature this month by Rep. Willard Rambo of Grant parish, who termed the act "a hit or miss affair." He insists that people who do have auto liability coverage usually are the ones who normally would have it, law or no law.

Allstate Names H. J. Hoag

Harris J. Hoag has been appointed planning director of Allstate. He is a graduate of the University of Washington and joined Allstate in 1946 at Seattle. He became branch analyst in 1950 and accounting manager of Pacific Coast zone in 1951. He was appointed to serve as manager of the zone in 1953.

March Traffic Deaths Show 4% Increase

Automobile traffic deaths increased in March, according to National Safety Council figures. This is only the second month in the last 15 to show an increase.

The council said there were 2,630 traffic deaths in March this year, a 4% increase over the same month in 1954, but despite this the traffic record for the first three months of 1955 were down 1%, the total number being 7,800.

Yerger, McPhaul Named

Edward Yerger has been promoted by Southwest General to manager of the agency department at Dallas. He is succeeded as manager at San Antonio by Forrest McPhaul.

Mr. Yerger will take over his new duties about June 1. He joined the company in 1953 as San Antonio manager.

Mr. McPhaul started with Texas Insurance Checking Office in 1947 and the following year became a special agent. More recently he has been with an agency at Austin.

New Minneapolis Office

The newly formed Crop Insurance group has opened an office at 1523 E. Lake street, Minneapolis, with Wayne Pyle and Carl Jordahl in charge. The group is composed of the Boston, Agricultural, Scottish-Union, New Hampshire and Fire Association.

Package Policy Bill Is Enacted in N. C.

A bill permitting Commissioner Gold to approve fire policies combining other coverages has been enacted into law in North Carolina. It permits package policies to be sold with either a divisible or indivisible premium.

St. Louis Salvage Corps Elects Smith President

Roy L. Y. Smith of Mercantile agency has been elected president of Underwriters Salvage Corps of St. Louis. Other officers are: Vice-president, L. E. Bright, Lawton-Byrne-Bruner agency; J. G. Weld, C. L. Crane agency; treasurer, Frank Flick, Aetna Fire, and house chairman, John J. O'Toole, F. D. Hirschberg & Co.

Coast CPCUs Hear Roberts

Frederick Roberts, director of research for Occidental Life, was speaker at the April meeting of Pacific CPCU chapter. He gave a talk on catastrophe medical insurance and discussed the proposal for federal A&H reinsurance.

Md. Casualty Moves in Minn.

Maryland Casualty is now occupying its newly constructed building at 2419 Nicollet avenue, Minneapolis. The Minneapolis office services Minnesota and North and South Dakota and western Wisconsin. William Wolpert is resident manager.

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Welfare Cover of N. Y. Workers Is Shown

Three of every four employees covered by unemployment insurance in New York State also are protected by employer-financed health and welfare plans, according to a study by the state labor department which covered 4,500,000 workers.

Six out of 10 workers receive hospital insurance; surgical insurance is made available to 58%, medical insurance to 32%, and accidental death insurance to 32%. Plans providing at least hospital and surgical plus life insurance cover almost 2,500,000 employees.

The survey includes establishments employing as few as four workers and covers the benefit situation in the summer of 1954. Any benefit to which the employer contributes at least part of the cost is included. Close to half a million of all workers covered by unemployment insurance are protected by every type of benefit included in the survey—pensions, life insurance or death benefits, hospital, surgical, medical and accidental death and dismemberment. Another half million are entitled to all but accident insurance, and about 250,000 have the protection of all types except medical.

The larger the establishment, the more likely it is to provide benefits for its employees. While a welfare plan to which the employer contributes is found in every establishment with 2,500 or more workers and nearly every one with as many as 500, only 35% of establishments with less than 20 employees have such plans.

Sees Greater Use of Home Owner's Forms

Eventual placement of the bulk of household contents insurance through one of the home owner's forms in a multiple peril department was forecast by C. F. Luce Jr., marine superintendent of Aetna Fire group at Atlanta, at the spring seminar of South Carolina Assn. of Insurance Agents at Columbia.

He said he believed the average home owner will eventually buy a home owner's form whether the problem is approached from convenience, coverage or cost.

This would leave the underwriting of the personal property in the marine department confined largely to persons who live in rented homes or apartments or to those who with unusually high values, a great deal of which is represented by antiques, works of art, etc., insurable under a fine arts form.

Clay Joins Ryan Co.

William D. Clay has joined James J. Ryan & Co. adjusters of Ashland, Ky., as assistant manager. He has for 10 years been with Western Adjustment as Ashland manager.

To Manage New Life Insurer

Cravens, Dargan & Co., which has principal offices at Houston, will serve as manager of Pacific Life, a new company formed at Phoenix, Ariz. J. C. Earle is president and Paul H. Roca vice-president of the new life insurer.

Bills Enacted in Me.

The Maine legislature has enacted a number of insurance bills. One amends the law which prevents stock companies from insuring any one risk in an amount exceeding 10% of their paid up capital and surplus to permit them to deduct reinsurance on the risk in determining the amount.

Another bill provides that any mutual company that wants to write insurance other than fire, marine or glass must, in order to qualify, have been doing business for at least 20 years, have a surplus of at least 60% of its premium reserve and have assets of not less than \$125,000, or shall have a guaranty capital of not less than \$100,000.

Also passed were bills to decrease from 25 to 10 the number of employees required in order to qualify for group A&S policies and to permit personal accident insurance covering air travel issued through machines to contain a facsimile of an agent's signature.

Coit Promoted by Aetna Fire Group

L. Coates Coit has been appointed manager of Aetna Fire group's compensation and liability department, which is headed by Vice-president E. Selden Geer. Mr. Coit joined Century in 1938 as an indemnity underwriter in the compensation and liability department and in 1952 transferred to Chicago as assistant manager of a similar department there.

N. Y. City Agents to Host Holz

New York City Insurance Agents Assn. will be host to Insurance Super-

intendent Holz and his first deputy, Julius Wikler, at a meeting May 17 at the Downtown Athletic club.

Del. Senate OKs WC Hike

A bill increasing the maximum workmen's compensation weekly benefits from \$30 to \$40 has been passed by the Delaware senate.

To Hear Morrison at St. Louis

E. H. Morrison, vice-president of Western Casualty of Fort Scott, will talk on direct writers at the May 23 meeting of Insurance Board of St. Louis.

This America Fore Advertisement is currently appearing in the following national publications:

- ★ THE SATURDAY EVENING POST ★ LIFE
- ★ TIME ★ NEWSWEEK ★ FORTUNE
- ★ NATIONAL GEOGRAPHIC

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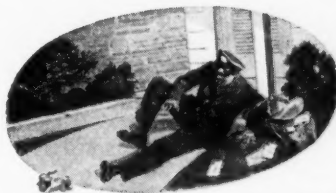


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Combs Denies Fire Rate Deviation

(CONTINUED FROM PAGE 2)



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secured at standard rates," the order said.

Mr. Combs then launched into a discussion of fire insurance rate fundamentals. Since rates are based upon the average of all fire insurance companies, loss-wise as well as expense-wise, any rate filings made, or attempted to be made, at a level lower than those which have been made on the basis of the general average could produce inadequate rates. This would be a violation of law, for inadequate rate levels would be detrimental to the interest of the general public, he said. "The experience figures of an individual company are not sufficient to be credible as a basis for making rates," he continued. "The volume of business and spread of risk of an individual company, no matter how large the company, is not sufficient or adequate for making credible rates."

Deviations by stock companies will distort statistics used in rate making, he said. Reliable statistics are an important factor in determining the rate level for an individual state. Deviations in rates by individual companies when included in the statistics required by law would delay rate reductions and could forestall overall reductions ordered by the department which would benefit policyholders of all companies. "Unless the department is afforded all necessary means of adjusting rate levels and making over-all rate reductions for the benefit of policyholders of all companies, the savings in premium would be limited only to the policyholders of the individual companies permitted to deviate," he pointed out.

Fire insurance rates in Arkansas have been substantially reduced over the past 20 years because of favorable experience, the department having ordered 15 general statewide fire rate reductions on many important classes in the past 15 years for the benefit of policyholders of all companies doing business in the state, Commissioner Combs continued. These reductions are still in effect throughout the state.

If a company is able to effect savings

in its expenses, there is a recognized, sound method of passing savings along to policyholders by the payment of dividends to its policyholders, rather than by cutting the price at the beginning of the year, after it is determined whether the company has operated at a profit," Mr. Combs stated. According to published reports, Assurance of America in other areas issues participating policies and pays dividends to its policyholders, and in such cases, the company does not deviate but uses bureau rates in issuing policies and pays a dividend at the end of the policy year, Mr. Combs said.

"The insurance department has a solemn obligation to the public to see that rates are not excessive, inadequate or unfairly discriminatory, and to enforce this provision of the law, it is necessary for this department to see that a standard of rates be maintained," Mr. Combs continued. "Without this standard, there can be no effective state regulation of the business. The public will suffer because if rates are not adequate, the insurance companies may become insolvent, and there is nothing more discouraging or depressing than a claimant holding a policy with a company which is not solvent and expecting his loss to be paid. Such insurance is worthless, regardless of the cost of the policy. The public also suffers because inadequate rates always lead to rate wars between insurance companies. In rate wars, the big property owner is always favored at the expense of the small property owner. The big fellow, owning large property, has bargaining power to secure special treatment in the form of special rates, and this is done at the expense of the little fellow," he said.

"If stock companies are permitted to deviate at will, we shall soon find rate-making in a state of competition and chaos with the end result that we would have no sound and realistic rates. This would destroy cooperative rate-making, the very thing which the rating laws of Arkansas were designed to establish and maintain," he continued.

N. Y. Board Election Set

New York Board will vote on the following at its annual meeting May 18 in the board room, 85 John street: T. Morgan Williams of Home, president; J. J. Magrath of Chubb & Son, vice-president; E. C. Niver, secretary and treasurer; Stanton E. Small, assistant secretary, and David S. McFalls, assistant treasurer.

Snyder Goes With Tolley

Ted E. Snyder, formerly with Continental Casualty at Chicago, has joined Russell M. Tolley & Associates as Springfield manager. Tolley & Associates, which has headquarters at Indianapolis, serves as an insurance consulting firm to insured.

Coverage of Radio, TV Antennas May Be Assumed Under EC Endorsement

New York Fire Insurance Rating Organization has disclosed that effective May 6 coverage of non-commercial radio and TV antennas and aerials, including their lead-in wiring, masts and towers, against the perils of windstorm and hail may be assumed under extended coverage endorsement number 4 by attachment of a loss assumption endorsement.

The rate for use of the loss assumption endorsement is \$3 per \$100 per year with the \$50 loss deductible clause applicable or \$7.50 per \$100 per year without the \$50 loss deductible clause applicable, subject to an additional minimum premium of \$7.50 per policy regardless of term. Also effective May 6 the rate for insuring non-commercial antennas and aerials without a \$50 loss deductible clause under a specific windstorm policy is \$7.50 per \$100 per year.

Pioneer Fire Promotes O'Keefe

Robert C. O'Keefe has been named secretary-manager of Pioneer Co-operative Fire of New York. Mr. O'Keefe joined the company in 1941 and has been secretary for several years. C. Homer Hook, manager since 1940, resigned because of ill health, but will continue with the company as vice-president.

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Agenda Readied for Education Directors Meeting May 18-20

Selecting, training and developing desirable insurance personnel will be reviewed at the annual meeting of Insurance Company Education Directors Society, to be held at the Westchester Country Club, Rye, N. Y., May 18-20. John M. Breen, education director of Lumbermens Mutual Casualty and affiliated Kemper companies, as society president will preside.

The program will open with a session on manpower development under Nelson M. Bell of Hardware Mutuals which includes presentation of a skit on manpower development which was a popular feature at the recent meeting of American Society of Training Directors. Other aspects of the topic will be presented by M. J. Pierce of Standard Accident and H. Paul Abbott of North America.

Testing and counseling will be considered Thursday, with addresses to be made by R. J. Johnson, Northwestern University; R. D. Loken, assistant to the publisher of Life Magazine; Dr. W. A. Eggert, chief psychologist for Lumbermens Mutual, and Walter Clarke of Walter Clarke Associates, Chicago. That evening John C. Davidson of Phoenix-Connecticut will report on over-all training programs and Arthur H. Clarke of Springfield F. & M. will discuss multiple line training.

On the final day a model program adaptable to any company, but emphasizing particularly needs of the medium-sized and smaller companies, will be discussed by Douglas M. Roy of Selected Risks. Donald Hyer of Mutual of New York will demonstrate a reading improvement program that can be conducted by the staff of any insurer.

Mr. Breen said afternoon sessions will be devoted to committee meetings, discussion groups and informal sessions on topics of common interest. The executive committee of ICEDS will meet the evening of May 17, the annual business meeting will be held the following evening and there will be a social program after luncheon May 20.

Ohio Federation to Meet May 17

Insurance Federation of Ohio will hold its annual meeting May 17 at the Neil House, Columbus. The luncheon speaker will be R. R. Walcutt, probate court judge and former president pro tem of the Ohio senate.

A business session is scheduled for the morning, with federation president L. H. Grinstead, Beacon Mutual Indemnity, presiding. The afternoon will be devoted to a forum of legislation.

N. J. Rating Bureau Annual Set

Compensation and Rating Inspection bureau of New Jersey will hold its annual meeting May 17 in the Public Service auditorium at Newark.

American Hardware Mutual of Minneapolis has opened regional headquarters at 2999 Sixth street, Los Angeles. President H. R. Caley and Executive Vice-President J. E. Hanson were present for the opening.

Ex-Allstate Agent Talks at Syracuse

(CONTINUED FROM PAGE 2)
sults in cancellation. One insured of Mr. Olson had two accidents, neither his fault. His policy was cancelled. Mr. Olson protested. The underwriter said the accidents still constituted frequency.

Allstate has many young and inexperienced underwriters who adhere to the rule book. When he was with Allstate, he said, there was a rule called two by two by two, which required that the applicant for insurance was supposed to have owned his car two years, to have been employed at the same place two years and to have lived at his present address two years. A poll was taken in the Allstate office and none of the personnel in it could qualify.

A number of questions were asked Mr. Olson. In answering them, he explained that in Jamestown, which has 45,000 population, his quota when with Allstate was 75 new apps a month plus 60 future expirations. The company really drives its agents, he said. If local agents worked as hard as Allstate agents, they would get plenty of business, he declared.

The Allstate agent is supposed to work 52 hours a week. In Jamestown the agent spends one day in the Sears, Roebuck & Co. booth and works out the next.

He indicated that drivers under 25 are underwritten very closely by Allstate. At times the company tells the agent he can write only so many. At one time when he was with the company he was supposed to write only two such risks per application book which contains 25 applications.

Because the agent does not have time for service in connection with claims, insured must do much of it himself, he said.

He said he doesn't believe the Allstate policyholders are "jim dandy" sold on Allstate. He has found many such policyholders on the fence. This may be partly due to the fact, he indicated, that the company makes a lot of errors on endorsements. It misfigures rates in some cases, etc. Such things do not build confidence in the company.

Allstate's percentage of renewals is very high, he said, and at one time it ran 90%. The company discourages as signed risk business. It allows 15 to 20

days for insured to get his money on renewal, it takes signed applications and he believes statements in them are warranties.

He said he has had very few turn-downs in soliciting Allstate insured to convert to coverage in companies he now represents. He is picking up 15 to 20 of them a week, which is about as fast as he can handle them. When with Allstate he found that business he converted to that company came about 50-50 from stock and mutual insurers.

Sears makes available all of its accounts to the Allstate agent for solicitation, he said. The company writes some local commercial vehicles but it tries to stay away from such business.

Belanger to Philadelphia and Harney to Wheeling

State Agent Earl T. Belanger has transferred to Philadelphia to service that area and Allegheny county for Scottish Union and to service the entire state for American Union. He was formerly in charge of the companies' operations in West Virginia and south-east Ohio. Special Agent William R. M. Harney, who has assisted Mr. Belanger, will now be in charge at Wheeling.

"I'm making up for lost time"

says Simon Lefkowitz (center) of McKeesport, Pa., as Manager Milton Weintraub, CLU (left) of Prudential's Gateway Center Agency, Pittsburgh, and Karl Kottas, Jr., Brokerage Manager, review a partnership proposal.



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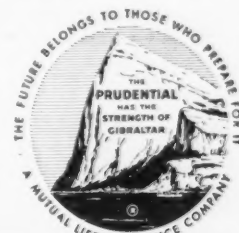
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Heath and Sweeney Assistant Managers of Pearl Assurance

Pearl-American group has named Gerald R. Heath and Walter J. Sweeney assistant U. S. managers of Pearl Assurance. They also become vice-presidents of Monarch Fire and Eureka-Security.

Mr. Heath, who had been casualty manager since 1954, will be in charge of casualty operations. He has been with the company since 1931 in the home office, as assistant manager in South Africa for 10 years and assistant manager of the Canadian department for 5½ years.

Mr. Sweeney, who has been in charge of fire underwriting in the middle and southeastern department and part of the midwest, will now be production manager of all classes of business for the group.

With the company since 1937, he has been chief underwriter of the middle department at Philadelphia, manager at Washington and in 1954 transferred to New York as assistant underwriting secretary. He was named an assistant secretary of the subsidiary companies late last year.

Supplement WC Book Published by McCombs

A new chapter 5 to *Workmen's Compensation Insurance Handbook* based on the revised compensation policy promulgated recently has been published as a 48-page supplement by McCombs & Co. The author of the handbook, Davis T. Ratcliffe of New Amsterdam Casualty, has also prepared the material for the chapter 5 supplement.

Workmen's Compensation Insurance Handbook is intended to be used in conjunction with the workmen's compensation insurance law pamphlets published by Assn. of Casualty & Surety Companies. The association makes available a standard compensation law digest for each state and a number of other jurisdictions. Consequently with one of these law pamphlets and the *Handbook* the student has a simplified course to an understanding of the compensation law of any state.

The book is divided into parts on the manual, the law and the new policy. Subjects treated include rate making, premium discount plan, retrospective rating and interstate experience rating.

Copies of the book, including the new chapter 5, may be obtained from McCombs & Co., Jenkintown, Pa. for \$5.50. The supplement itself is available at \$1.

Honor Board Award Winner

KALAMAZOO—W. O. Hildebrand, secretary-manager of Michigan Assn. of Insurance Agents, will speak at a dinner May 6 honoring the *Kalamazoo Gazette* for its achievement in winning the National Board's top award for fire prevention work in 1954. The Kalamazoo Chamber of Commerce fire prevention committee is sponsoring the event, and the presentation of the gold medal will be made by R. H. Harrold, president of Michigan Fire Prevention Assn.

Surety Golf Outing Set

Surety Underwriters Assn. of Chicago has scheduled its annual golf outing for June 7 at Glendale country club, Bloomingdale, Ill. There will be a luncheon and dinner as well as golf.

Hawkeye-Security Managers Meet

Hawkeye-Security held its annual managers' meeting at Des Moines last month with 25 branch managers and home office supervisory and executive personnel attending. Production, un-

derwriting and claim results for 1954 were reviewed and the 1955 program was presented.

Parker New AFIA Trustee

S. Dwight Parker, president of Springfield F. & M., has been elected a trustee of the American Foreign Insurance Assn., succeeding William A. Hebert, former president of the Springfield group and AFIA.

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"Placing the Unplaceable"

Court Rules Insurer Has to Tell Insured Of Agency Termination

An insurer was bound to give notice to insured that its agent's agency had been terminated and a failure to do so rendered it liable for a loss sustained by an insured who paid a renewal premium to the agent, the Tennessee supreme court ruled in the case of Tucker vs American Aviation & General 8CCH (fire and casualty) 630.

Tucker purchased fire insurance from Carson, who, at the time of the issuance of the policy, was an authorized agent of the insurer. During the term of the policy Carson's agent certificate was terminated by the insurer.

Near the end of the insurance term, Tucker went to Carson and had his policy renewed by paying the premium due. The premium was accepted by Carson as agent of American Aviation & General and a certificate was duly executed. Tucker subsequently suffered a fire loss which the insurer refused to pay contending that Carson was not a proper agent to sign a renewal certificate.

Tucker's policy was written on a plan that provided that the policy might be renewed annually for four years. The evidence disclosed that Tucker was unaware that Carson's agency had been terminated.

On appeal from a judgment for Tucker, the court held that he could not be held to have constructive notice of the fact that Carson's agency had been terminated and the insurer was bound to give notice to all the insured who had dealt with Carson that his agency had been terminated. Judgment for Tucker was affirmed.

Vincent Cason and Thomas Hinson of Lebanon served as Tucker's counsel and M. Thomas Valaske for the insurer.

New Akron Agency Officers

T. R. Pope has been elected president of McIntosh-Bowers-West Co. agency of Akron to succeed the late J. F. Van Vechten. C. C. Owens becomes vice-president, and C. M. Lahman is secretary-treasurer.

The directors are Mrs. J. F. Van Vechten, chairman; M. E. McIntosh, W. B. McIntosh, H. S. Honodle and T. R. Pope. Mr. Pope formerly was state agent in northeastern Ohio for Royal-Liverpool group.

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Cut Certain Wash. Fire Rates by 7.6%

The Washington rating bureau has filed reduced fire rates on protected dwellings, unprotected dwellings and contents, farm properties, apartments, hospitals, churches and sprinklered risks, effective May 2. Further reductions are anticipated in what is expected to be an over-all downward revision of the bureau rate schedule.

There will be a combined premium reduction, as applied to the last five-year period, of \$10,650,538. The effect

of the revision on the over-all fire premium volume written throughout the state is a reduction of 7.6%.

Average reductions are as follows: Protected dwellings, buildings only, 20%; unprotected dwellings, buildings, 13.4%, contents, 8%; farm properties, buildings, 16.6%, contents, 11.5%, barns, 15%; apartments, protected buildings only, 20%; protected and unprotected hospitals, buildings and contents, 15%; protected and unprotected churches, 15%; and sprinklered risks, code 900 (buildings other than manufacturing) and code 925 (buildings and contents blanket, manufacturing)

20%.

Policies written with effective dates between March 2, 1955, and May 2, 1955, may be endorsed or cancelled short rate and rewritten on the basis of the reduced rate.

Suggests Step to Ease Nuclear Fission Insurance Problem

John H. Forest, vice-president of Liberty Mutual, told the insurance conference of the American Management Assn. at New York that it might be desirable for the owner and operator of a nuclear reactor to assume the products liability of the component parts manufacturer in order to avoid the pyramiding of premium charges that would result if each parts manufacturer felt he must purchase for his own protection the maximum limits available.

He suggested this as one step toward solving the insurance problems created by nuclear fission during a panel probing problems of coverage and capacity.

William R. Kelly, sales promotion manager of Sinclair Refining Co., New York, told the conference how insurance managers can make reports to management and other departments that are clearer, more interesting and more productive, and Herbert T. Blood Jr., representative of Boit, Dalton & Church, Boston, told how to improve communication with sources of coverage, and stressed that insurance buyers should know exactly what they want in the way of coverage before setting out to buy it.

Mr. Forest said liabilities arising from the use of nuclear materials fall into two general categories: operations involving the use of non-fissionable nuclear or radioactive materials such as isotopes and operations using fissionable materials such as reactors.

In the case of the first group, Mr. Forest said "we believe that adequate coverage and capacity will be made available through the normal channels of the casualty insurance business. This does not mean that the same coverage or limits or rates will apply to these operations as to other operations but merely that the existing machinery is flexible enough to enable the casualty underwriters to satisfy the requirements of industry for protection."

However, the problem of reactor coverage is quite different. Spokesmen for the nuclear power industry, Mr. Forest said, are talking of required limits of liability of \$100 million, \$150 million, \$250 million. Such limits are beyond the capacity of the private insurance market. Some of the smaller operators, particularly of the research reactors, are going to have to "reach a compromise between what they would like to have and what they can afford to pay for." And it would be wise for reactor operators to assume all the liability, a reversal of the current trend "under which owners of plants or users of materials use every device in the law books to pass liabilities back to their suppliers."

Hike Contractor Bond Penalties in Arizona

A bill enacted in Arizona which becomes effective June 30 provides for an increase of penalty on contractors bonds to a maximum of \$10,000 and a minimum of \$2,500. It also increases the maximum on sub-contractors' bonds to \$5,000 and a minimum of \$500.

Name Committees to Organize New A&H Trade Association

Five committees have been appointed to assist in organization of the proposed new consolidated A&H trade association. The new organization is to be called Health Insurance Council of America, Inc. Task force one of the Joint Committee on Health Insurance has submitted a report outlining the structure of the new association and this report has been submitted to the joint committee. When the plans for the association are approved by the members of the joint committee, the committee will resolve itself into an organizing committee to implement the new association.

Committees appointed to assist the joint committee on health insurance in setting up the new trade association and their chairmen are:

Finance, W. L. Bates, Fidelity & Casualty.

Legal, Millard Bartels, Travelers. Membership, J. Henry Smith, Equitable Society.

Nominating, Jarvis Farley, Massachusetts Indemnity.

Planning, J. W. Scherr, Jr., Inter-Ocean.

Task Force 1 spent nearly a year in getting its report together. H. Lewis Rietz of Great Southern Life, was chairman of this group. E. J. Faulkner, president of Woodmen Accident & Life, is chairman of the Joint Committee on Health Insurance.

Lawlor to be Honored by Insurance Branch No. 21

Insurance branch 21 of Anchor Club will hold its annual mass at Church of St. Francis of Assisi in New York May 15, followed by a communion breakfast at Hotel Statler.

Speaker at the breakfast will be the Rev. John M. Corridan, S. J., assistant director of Xavier labor school, the waterfront priest who has long been engaged in improving the labor-management relations of New York harbor's longshoremen and subject of numerous articles.

Joseph F. Lawlor, past president of branch 21, will be honored at the breakfast. He has been a member of the New York insurance department for 30 years and is chief qualifications examiner of applicants for agents' and brokers' licenses.

The mass will be celebrated by the Rev. William J. Dennen, club chaplain.

Michael O'Malley agency has been sold to William G. Ball agency. Both are of Somersworth, N. H.



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One of the foremost Multiple-Line Stock Companies needs a Fire Underwriter with at least 8 years Ohio experience to manage branch office underwriting operation. Some I. M. knowledge helpful. Unusual advancement opportunity. Lite production. Inquiries handled confidentially.

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Farm Bureau to Offer Streamlined Auto Policy Sept. 1

Farm Bureau Mutual Automobile of Columbus will introduce on Sept. 1 a new automobile policy offering larger print, illustrations, and fewer words. The policy will be sold after the company changes its name to Nationwide, but the new form has already been approved in eight states.

In its new policy, Farm Bureau has cut the number of words from 6,092 to 2,843 and has increased the size of type from 8 point to 9 point. There are 15 drawings to illustrate coverages.

A great number of the words were eliminated by employing more simple phraseology or eliminating provisions that are not used. C. W. Leftwich, vice-president, said that for example the company never requires a policyholder to reimburse it for liability payments to a man he ran into, so a 75-word section which has given the companies such a right for years has been scrapped. Also, the steps required for reporting an accident were reduced from 20 to 4, saving about 600 words.

In some cases, the company has removed parts of the policy because court decisions over the years have made them void. Among these is one saying that the company will not consider assault and battery an accident, although the courts have decided the offense is an accident to the person on the receiving end.

The new Farm Bureau contract covers occurrences as well as accidents. The exclusions of undeclared inebriance and confiscation by civil authority have been eliminated, and many exclusions listed separately from the agreements in the old policy have been put in the same paragraph with the new one.

The new policy includes all of the features found in the new standard automobile policy of the National Bureau.

Muller Named President of New Marine Forum

American Marine Insurance Forum elected E. N. Muller Jr. of North America as president at its organizational meeting. Other officers are W. S. Hoon of Home, vice-president; R. P. Mundhenk of Carpenter & Baker, treasurer, and C. W. Dawson, secretary.

Directors are G. H. R. Jenkins of William H. McGee & Co., T. E. MacCormack of National Fire, E. I. Sparling of Automobile and Mark Wei of Chubb & Son.

Write Big Surety Bonds

Fidelity & Deposit has written a bond for Morrison-Knudsen for its \$4,053,457 contract for a military installation at Bethel, Alaska. Travelers Indemnity is surety for Chris Berg of Seattle for a \$1,897,184 contract for another military installation in Alaska at Homer. Both contracts were awarded by the U. S. engineers.

Other contracts awarded by the U. S. engineers include one for \$3,458,285 for construction by Peter Kiewit Sons Co. of runway and supporting facilities at Hill air force base, Ogden, Utah, with Aetna Casualty as surety; one for \$4,746,720 for construction of a runway extension and parking apron at March air force base, Riverside, Cal., by Morrison-Knudsen and R. A. Westbrook as joint venturers, with Fidelity & Deposit as surety; and a contract let to Lundgren & Swinerton, Los Angeles, for construction of a \$1,700,000 shop building at Norton air force base, with Travelers Indemnity as surety.

Gold Issues Order to Stop Unlicensed Sales of Insurance

Commissioner Gold of North Carolina has issued an order prohibiting any company, manager, general agent or other representative to permit a non-licensed employee to distribute insurance literature and information and arrange appointments for the purpose of selling or arranging for sale of insurance by telephone or personal contact except as permitted in paragraphs 1 and 2 of G.S. 58-51.3.

He issued the order after learning that non-licensed employees of some companies were soliciting business over the telephone or in person.

North Carolina Assn. of Mutual Insurance Agents, in a memo to members, commented that its understanding is that the ruling is not designed to deter the normal activity of agency employees as they are generally practiced.

Sub-paragraphs 1 and 2 of the general statutes referred to by Commissioner Gold reads as follows: "... Of an agency office employee acting within the confines of the agent's office, under the direction and supervision of the duly licensed agent and within the scope of such agent's license, in the acceptance of request for insurance and payment of premiums and the performance of clerical, stenographic, and similar office duties."

Robert Williams to Draft New Michigan Code

Attorney Robert W. Williams of Seattle has been retained by the Michigan department to write the proposed new Michigan insurance code. The legislature made an appropriation for this work some years back, but only a partial job of systematizing an existing law has been done. The intention now is to rewrite the entire statute and repeal the existing one.

It is hoped that the new code will be ready by the end of October so that hearings can be conducted by the legislature in November and the measure introduced in the early 1956 legislative session. Mr. Williams drafted the Washington and Arizona insurance codes.

Ohio Agents Unit to Meet

The fifth district of Ohio Assn. of Insurance Agents will hold a conference at Lima May 19. Educational activities, the new automobile policy and dwelling forms panel will be some of the subjects discussed. Taking part in the conference, over which Hiram D. Diller of Pandora, district president, will preside, will be Charles T. Collins, educational director of the association; George Paulmann, Columbus, casualty supervisor, U.S.F. & G.; Clarence F. Castanien, trustee of the state association, Upper Sandusky, who will preside at a panel, with Richard B. Miller, Jr. Columbus, special agent Automobile; W. L. Venable, state agent, U.S.F. & G., Columbus, and Raymond W. Douglass, Columbus, state agent Agricultural, panelists.

Woodbury, N. J. Inspection

The New Jersey State Fire Prevention Assn. will inspect Woodbury, N.J. on May 17. Headquarters will be established at the Independence Fire Co. for the inspection, scheduled to start at 9 a.m.

Great Northern Hikes Capital

Great Northern of Minneapolis has increased capital from \$750,000 to \$1 million.

The company was founded in 1952 to become successor to Underwriters at Lloyds of Minneapolis. It is one of the largest automobile writers in Minneapolis and North Dakota.

FOR QUALITY PROPERTY INSURANCE, SEE YOUR HOMETOWN AGENT!



This ad speaks for You !

Is your Insurance as good as your car?

You buy your car by brand. Its name is your guarantee of value and performance.

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For your own sake, buy from your reputable HOMETOWN agent. He gives you service—not just sales-talk.

It pays to take an interest in your insurance company, too. You need a friendly, reliable company whose reputation measures up to your car's. Then you know you're protected when a loss occurs.

THE HOME

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Insurance Company

Home Office: 59 Maiden Lane, New York 8, N. Y.
FIRE • AUTOMOBILE • MARINE
The Home Indemnity Company, an affiliate, writes
Casualty Insurance, Fidelity and Surety Bonds

The Home Insurance Company's new advertisement sells more automobile insurance, sure . . .

but more important, it sells *you*.

It tells your clients about your services, the *quality* protection which you can offer.

This advertising is designed to attract *good* automobile business to your agency.

Your Home fieldman is ready to help you any way he can—just ask him!

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Insurance Company

Home Office: 59 Maiden Lane, New York 8, N. Y.
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The Home Indemnity Company, an affiliate, writes
Casualty Insurance, Fidelity and Surety Bonds

This advertisement will appear in:

- American Home—June
- Better Homes and Gardens—June
- Nation's Business—May
- Town Journal—May
- Time—May 9
- Newsweek—May 9
- Business Week—May 7
- U.S. News & World Report—May 20

Agents Must Return Unearned Premium to N. Y. Liquidator

Leffert Holz, New York superintendent of insurance, has been upheld by the New York and New Jersey appellate courts in refusing to permit former agents of Preferred Accident, now in liquidation, in rendering their accounts to him as liquidator, to deduct return premiums they used to pay for new insurance for their policyholders in other companies after Preferred was ordered liquidated.

The New York decision came on the heels of a New York appellate division ruling which reversed the decision of Judge Speakman in the superior court in Newark. The New Jersey case was brought by the New York superintendent, as liquidator of the Preferred, to recover premiums collected by Ward & Co., a general agent, and in their hands at the time the company went into liquidation. Ward & Co. contended it was liable only for the portion of the premiums earned to the date of the liquidation order and they had the right to and had used the unearned portion or return premiums to cover insured in other companies. Judge Speakman ruled in Ward's favor after trial in the superior court.

Upon appeal by the New York superintendent, the New Jersey appellate division reversed the lower court. It held that the agent was never legally obligated to refund the unearned premiums to the policyholders, and, therefore, could not use them for their benefit after liquidation; that the custom of agents before liquidation, while the company was a going concern, in returning unearned premiums when a policy was cancelled, was an implied privilege which would only be exercised in the usual and ordinary course of business and did not continue after insolvency; and, in consequence, the agent could not offset or deduct the return or unearned portion of the premiums. The opinion was unanimous.

In the New York case the superintendent sued the Mayville Realty Co., an up-state New York agent of Preferred, for premiums collected, and the agent similarly sought to deduct and

offset return or unearned premiums used to pay for new policies with other companies after the company went into liquidation. Justice Brisach in the New York supreme court ruled that no such deduction or offset was permissible. In answer to the defendant's plea that it was entitled to such offset under the case of Bohlinger vs. Zanger, 306 N.Y. 28 117 (2d) 338, wherein the New York court of appeals ruled that an insurance broker could properly make such a deduction, the court held that the cited case was not applicable—that it referred to an insurance broker only and not to an insurance agent. The New Jersey appellate division, where a similar plea was interposed by Ward, cited the decision of Judge Brisach with approval and Judge Brisach has now been unanimously upheld by the appellate division in New York to which Mayville appealed.

Irvin Waldman represented the superintendent in the New Jersey and New York actions and on the appeals in both states. In New Jersey defendant, Ward & Co. was represented by Harold D. Feuerstein of Newark and in New York the defendant, Mayville, was represented by George W. Holt of Westfield and Clarence D. Pickard of Jamestown.

The decisions are in line with the ruling of Judge Boyd Sloan of the U. S. district court in Atlanta, where a similar action was brought against Irby & Co. as agents.

Va. Agents Proposal for Licensing Board Opposed

A proposal by the Virginia Assn. of Insurance Agents that a five-man licensing board be established for casualty, fire and inland marine agents is being opposed by agents who handle auto insurance, in some cases, in conjunction with another business.

Under the plan, submitted to Virginia advisory legislative council committee, which will hold a hearing on it June 22, the board would work under the supervision of the insurance bureau of the state corporation commission which now licenses agents, and would give examinations to determine if a person was qualified for a license.

Opposition to the proposal is expected from Motors Insurance Corp. and Automobile Dealers Assn., which asked for time to study it.

Ala. Agents Elect Demouy President, Add Three Districts

Alabama Assn. of Insurance Agents elected William G. Demouy of Mobile president at its annual meeting at Birmingham. Other officers are Wilbur Allen of Birmingham and L. J. Thomas Jr. of Dothan vice-presidents, and John Wilson of Mobile, state national director.

The agents voted to amend the constitution to have 12 association districts instead of nine and elected the following directors: Harry Mattei of Mobile, James Utsey of Andalusia, Quey Fortner of Dothan, John Bessant of Phenix City, J. P. Watson of Heflin, James A. Breland of Albertville, Joe Cooper of Huntsville, G. L. Byars of Jasper, Robert Pellnitz of Tuscaloosa, Frank Hardy of Selma, Wiley R. Ashley of Montgomery and W. C. Shackelford of Birmingham.

A proposed constitutional amendment to permit a mixed agency to join the association was tabled after discussion. Alabama is one of the few states still exclusively stock company.

The convention registration of 450 was the largest in the association's history.

R. I. Assembly Approves Bill to Examine Agents

Rhode Island general assembly has adjourned after passing legislation requiring state examinations and licensing of insurance agents.

It refused to enact bills to put out of the insurance business persons who write coverage on property they own or control. Also killed was a bill to incorporate the A.D.A. (Automobile Dealers Assn.) Ins. Co.

Hear Coty at Spokane

Donald Coty inland marine representative of Great American group at San Francisco, discussed the fire block policy at the April 25 luncheon of Spokane Insurance Assn. Mr. Coty discussed the development in California of block coverage, saying it has gone through the experimental stage and has produced satisfactory results.

Hall Named Ky. Counsel

Charles W. Hall, an attorney of Hardinsburg has been appointed general counsel for the Kentucky department to succeed the late Ralph Connell who died in early April. Mr. Hall has been assistant general counsel of the department since January. He is a graduate of the University of Louisville law school.

S. F. D. Meffley to Retire

S. F. D. Meffley, editor of *Official Automobile Guide*, *Official Mobile Home Market Report*, *Automobile Titles & Transfers*, and *Manual for Identification of Automobiles*, will retire June 1 under the retirement plan of Recording & Statistical Corp. He has been with the organization for 20 years. His work will be taken over by his associate editor, Miss Bernice Mendelson.

Names Assistant Secretaries

Hartford County Mutual Fire has named as assistant secretaries Thomas J. Cole, who has been chief underwriter, H. Eugene Freeman, Bridgeport branch manager, and Russell T. Lindstrom, agency service department manager.

Gardener WC Bill in Cal.

A bill in the California legislature which would exempt part-time gardeners from workmen's compensation coverage has passed the house and is now in the senate labor committee.

DITC, New Training Group for A&H, Now Fully Organized

Organization of Disability Insurance Training Council has been completed by International Assn. of A & H Underwriters. Incorporated as a non-profit organization for the purpose of training in A & H, it expects to add trustees from all trade associations interested in such training. John Galloway, Provident L. & A., Birmingham, past president of the International, is serving as director until the appointment of a full time man.

Temporarily funded by personal contributions from several members of the board of the International, DITC expects to raise capital funds through the sale of advanced fund certificates in the amount of \$50 each, similar to the CLU plan. Companies and general agents who purchase the certificates may use them for training credit within two years for men enrolled in any DITC school.

There have been several applications for the permanent directorship and it is anticipated selection will be announced about July 1. Salary of the director will be paid by DITC.

The completely new DITC textbook is off the press, and the first pilot course is currently running at Butler University in Indianapolis.

DITC is taking applications for paid instructors and will conduct an instructor school in late summer. Headquarters of the organization, for the time being, at least, will be with those of IAAHU in Chicago.

Signs Texas Bill Boosting Insurer Capital Standards

AUSTIN—Gov. Shivers of Texas has signed into law the bill raising capital standards of fire and casualty companies.

Briefly, the new law sets up minimum requirements of \$150,000 capital and surplus for fire companies, \$225,000 for casualty companies and \$400,000 for multiple line insurers. It also extends the power of the board of commissioners over real estate assets and company management.

The new law, incidentally, became effective in one respect before it reached full status as a requirement through reinsurance of Dallas Fire & Casualty by Ins. Co. of Texas. In announcing the merger, it was disclosed officers of Dallas F. & C. believed it would be "almost impossible to meet new legal requirements."

The bill setting up regulation of the sale of insurance stocks currently is in conference committee. The principal point of disagreement deals with the method of control, the house bill providing for the "full disclosure" plan used in federal regulation and the senate measure giving full power to the Texas board.

N. C. Reinsurance Bill Moves

A bill that would allow an insurance company to reinsure the business of an insolvent insurer without merging with it has been reported favorably by the senate insurance committee of North Carolina.

S. L. Bodman, St. Louis manager of Marine Office of America, talked on inland transportation insurance at a meeting of St. Louis Conference of Associated Industries of Missouri.

Pioneers in multiple-line underwriting

TRINITY UNIVERSAL INSURANCE COMPANY



SECURITY NATIONAL INSURANCE COMPANY

EDWARD T. HARRISON, Chairman; GORDON S. YEARGAN, President

DALLAS, TEXAS

List Agenda for Individual A&H Seminar at N.Y.C.

A host of current problems will be given detailed treatment at the educational seminar on individual insurance sponsored by Bureau of A & H Underwriters and to be held May 24-25 at the Biltmore hotel, New York city.

Opening remarks will be made by Alfred W. Perkins, Union Mutual Life, bureau chairman, and Charles Seavey, also of Union Mutual Life, chairman of the seminar committee.

First day speakers and their topics are O. W. Anderson of Health Information Foundation, medical costs and underwriting implications; Harry L. Graham, Bankers Life of Iowa, a deductible for hospital expense insurance; Mortimer Spiegelman, Metropolitan, insuring the older ages; Louis A. Orsini of the bureau, individual hospital admission plans, and C. J. McBride, Travelers, uniform claim forms.

That afternoon a panel, led by Robert E. Ryan, Royal-Liverpool, will appraise major medical coverage. Participants are H. R. Roberts of Connecticut General Life, W. W. Cramer of Equitable Society, G. S. Parker of Guardian Life, J. L. Shaw of National Fire and R. W. Carey of New York Life.

Talks by E. M. Erickson, Ohio Farm Bureau Mutual Auto, on insuring the rural population; C. E. Stevens, Standard Accident, the future for sickness disability insurance, and J. F. McAlevy of the bureau, legislative developments, will close the session.

A risk selection case clinic, moderated by E. A. Hauschild, Security Mutual Life of New York, will open Wednesday's session. Panel members are N. J. Brown, Hartford Accident; E. J. Cadwell, Monarch Life; J. F. Lydon, Ocean Accident; W. H. Greenwood Jr., Provident Mutual Life; B. S. Davis, State Mutual Life; R. J. Sullivan, Travelers, and Dr. H. E. Christensen, Union Mutual Life.

W. H. Stuek, Travelers, will discuss pre-existing conditions, and J. F. Follmann Jr., bureau general manager, will moderate a discussion of reunderwriting principles.

Medical underwriting will be considered by the closing panel, the participants being Dr. O. G. Goldkamp of Connecticut General, Dr. Joseph Horan of Metropolitan and Dr. John Maltieri of New York Life.

Discussion leaders for the various sessions will be P. W. Stade of Lumbermens Mutual Casualty, O. S. Siegmund and Messrs. Hauschild and Seavey. A reception is scheduled for Tuesday evening.

Plan Ohio School in June

Ohio Assn. of Insurance Agents, the Ohio department, Ohio Fire Underwriters Assn. and Ohio Assn. of Casualty & Surety Managers will be co-sponsors of an advanced agency management school at Miami university June 19-24. There will be 50 hours of technical training on property insurance. Among those taking part will be C. W. Tye of Froggatt & Co., John H. Cosgrove of American, G. J. McKernan of the National association, and Guy W. Ferguson of Ferguson Personnel.

Investment Bill Signed

Gov. Harriman of New York has signed into law a bill that permits savings banks to invest in common stock of domestic fire and casualty insurers.

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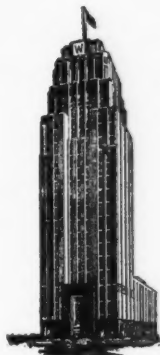
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Complete protection wherever insured goes, and designed for Mobile Homes only. This policy has several optional coverages available such as personal effects, trip collision, and Vendor's Single Interest.

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PUNCHED CARD MAN WITH INTEREST IN ELECTRONIC COMPUTERS

Excellent opportunity for man with good experience in developing punched card methods and procedures—who would like new challenges in punched card field or to extend interest into electronic computer field. (Mathematical background helpful but by no means essential.) Late twenties to middle thirties. Growth not dependent on retirement of the boss. Can grow as fast as you can assume additional responsibility. Location: New York or Chicago. Some travel. Write us in complete confidence. Box E-93, The National Underwriter, 175 W. Jackson Boulevard, Chicago 4, Illinois.

CLAIMS MANAGER

Large multiple-line Casualty Company, with Home Office in the East, finds it necessary, due to expansion, to look elsewhere than within its own ranks for outstanding adjuster, who can qualify as manager of 1-man Claim Office. Locations: Sioux Falls, South Dakota, and Greeneville, Tennessee. Position offers good salary and splendid opportunity. Car furnished. Write Box E-92, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill., giving full particulars as to educational and experience background.

UNDERWRITER

Immediate opening in our Park Ridge Office for Automobile Underwriter, age 25 to 45. Applicant must have minimum of 5 years experience with comprehensive knowledge of liability and physical damage, Rating Plans, Manuals and General Insurance background. Salary commensurate with ability and experience. Submit complete resume and salary requirement to Personnel Manager, AETNA INSURANCE GROUP, 300 So. Northwest Highway, Park Ridge, Ill.

AVAILABLE

Five years as safety engineer, eight years as salesman for Compensation, Public Liability, Automobile and Fire; large and small accounts. College graduate. Interested in administrative work with a future. Salary depends on opportunity. Prefer South or West. Address E-95, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

FOR SALE

Insurance agency in small northern Indiana town. No other agency in town. Small accounts. Annual volume \$60,000. Address E-97, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

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ACCOUNTANT—Multiple line casualty experience in all phases of home office accounting and statistics. Capable of assuming full responsibility. Want position with a future. Address E-89, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

SUPERVISOR INSPECTION & ENGINEERING DEPARTMENT

Rapidly expanding multiple-line insurance company has created an opportunity for a Fire Protection Engineer with managerial ability to head new department, supervising and training existing staff of Engineers in the Midwest. Work is largely fire but experience in all aspects of multiple line inspection and loss prevention work (except workmen's compensation) is desirable. Many unusual employee benefits plus definite opportunity for advancement. Salary commensurate with experience and qualifications. It will pay you to investigate. Address E-71, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

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 2. New Jersey, New York City, and Long Island.
- Leading Mutual Company writing Fire, Auto, Inland Marine, and limited Casualty, needs two experienced special agents. Exceptional Bonus, Retirement, Hospitalization, and Life Insurance Benefits. Address E-90, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

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Expanding Stock Casualty & Surety Company with Branch Office in Cleveland. Ohio experience preferred. Our employees know of this ad. Replies strictly confidential. Write full history and experience. Box E-88, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

WANTED

Company to accept Financial Responsibility Risks in Minnesota with enough commission to handle brokerage. Collateral lines available. Remittances on policy or account current basis. Address E-91, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

N. C. Agents Slate Annual Meeting at Pinehurst May 19-21

North Carolina Assn. of Insurance Agents has completed the program for its annual meeting at the Carolina hotel, Pinehurst, May 19-21.

Speakers will include Daniel R. Ackerman of New York, chairman of Great American; Robert E. Battles of Los Angeles, executive committee member of National Assn. of Insurance Agents; William S. Bizzell, manager of North Carolina Fire Insurance Rating Bureau; William F. Aimone of Raleigh, executive vice-president of State Capital; John T. Chessier, Augusta, Ga., local agent; Louis V. Sutton of Raleigh, president of Carolina Power & Light Co., and Insurance Commissioner Gold.

The convention will open with a board meeting May 19 followed by a past presidents' dinner and the first formal convention meeting.

The second day's program will include a morning meeting, golf and bridge and an evening session at which association trophies for outstanding work will be awarded.

An executive session, reports, election of officers, fishing, an evening banquet and a ball are on the final day's agenda.

Minn. Department Under New Commission

ST. PAUL—Under a reorganization law enacted by the recent Minnesota legislature a financial control commission has been created, comprised of the commissioners of insurance, banking and securities. The financial control commission will be under the commissioner of commerce, a newly created appointive position carrying a term of office of two years.

There will be no change in the powers or duties of the insurance commissioner, nor in the term of that office which is six years. Cyril C. Sheehan was named to the post in 1953.

The new law vests in the commerce commissioner certain administrative responsibilities over the financial control commission, in areas such as personnel, supplies, equipment, etc. In effect, it means there now is another state official holding authority concerning insurance matters that is superior to that of the insurance commissioner.

The reorganization bill, a "Little Hoover" commission measure, originally encompassed nearly all state departments, though about the only portion to become law was that setting up the financial control commission.

Hearing Held in Ala. on Attorneys' Fees Bill

An Alabama legislature committee held a hearing on a bill that would provide that reasonable fees for attorneys be included in suits against insurance companies and that trial judges shall determine in each case whether or not attorneys' fees should be awarded and the amounts. The attorneys' fees would be added to the amount of damages awarded in a verdict against an insurer.

Another bill heard would repeal the guest law enacted several years ago to protect motorists from damage suits which might be brought by hitchhikers or others riding as passengers in their automobiles.

Insurance Women of Santa Ana has become affiliated with National Assn. of Insurance Women.

La. Agents Are Told They May Soon Sell Six-Month Policies

Louisiana Assn. of Insurance Agents, which has opposed issuance of six month automobile policies at a 50% premium, was told by its casualty committee that because of the increasing use of electronic equipment by insurers "the day may not be far off when we will use six-month policies."

Committee Chairman Roscoe A. Bolton of Alexandria reported to the annual meeting at Edgewater Park, Miss., that his group had expressed its opposition to issuance of such a policy at a meeting with the casualty and surety division of the state insurance department as it "completely circumvented our short rate cancellation rule and there was no apparent need for six-month policies," but since the meeting he understood that six companies have been given permission by the division to issue the policies at 50%. A present rule of the association requires that a short rate percentage of 60% be charged.

Mr. Bolton said that during the meeting with the division the opinion was expressed that only those companies that could conclusively show they could issue two such policies at no greater expense than one annual policy would be permitted to issue a six-month policy at 50%.

At the present time members of National Bureau of Casualty Underwriters are opposed to six-month policies on a pro rata basis.

He also reported that the committee received a number of requests from association members asking that it seek a reinstatement of age groups 3 and 4 in the rating of physical damage coverage on private passenger vehicles and the new and old classifications for commercial collision premiums. The casualty and surety division agrees these age groups should be reinstated. Mr. Bolton said, indicating that further study will be continued.

Jack Marshall of Shreveport, fire and accident prevention committee chairman, reported his group recommends as a long range program the promotion by members of a safety council in every part of Louisiana. He said that adequate assistance is available for any group seeking to establish a local safety council.

Such a program, it is felt, would be the best possible means of doing something concrete in the field of safety. The association has offered its aid to the state safety coordinator in this year's slow down and live campaign.

The report of the education committee, given by George M. Howard of New Orleans, chairman, reviewed activities of the year. Classes in insurance have been conducted at Centenary college, Shreveport, by J. B. Harris, classes were started at Baton Rouge and the New Orleans Insurance Exchange, in cooperation with the state department of education, has conducted the first two of a four semester course in insurance.

The committee also did considerable work toward the eventual establishment of an insurance library.

Insurance Accountant

Growing insurance company wants accountant who can supervise accounting operations. Good salary. Our employees know of this ad. State previous experience and salary expected. Replies treated in confidence. Address N. Y. 31, National Underwriter, 99 John St., New York 38, N. Y.

Joseph Slated by Arkansas Agents; to Meet May 19-20

The agenda has been finalized for the annual convention of Arkansas Assn. of Insurance Agents, scheduled for May 19-20 at the Arlington hotel, Hot Springs.

Committee meetings and the business session will be held the first day, when the following slate submitted by the nominating committee will be considered: Simon Joseph, Pine Bluff, president; A. J. Johnson, El Dorado, vice-president; Lawrence Derby, Warren, state national director; Robert Maxwell, Texarkana, alternate state director, and C. C. Mitchener, Marianna, secretary-emeritus. Orin L. Becker of Lepanto, president, will review association activities, and a report will be made by Mr. Maxwell. The order of the Purple Duck, an organization made up of past-presidents, will have a dinner meeting that evening with Mr. Mitchener, the oldest living past president, presiding.

Friday's program will open with a local board breakfast. Other events will be a film "This is Your Bureau" by General Adjustment Bureau, a brief address by Commissioner H. G. Combs, a talk on the American agency system by Arthur M. O'Connell, Cincinnati, an executive committeeman of NAIL, and a talk on marine insurance by John S. Perry, assistant marine manager of Fireman's Fund, Chicago.

Social activities are planned for Friday afternoon and the banquet that evening.

Humphreys Defends Increase in EC Rates

Commissioner Humphreys of Massachusetts told the state legislature's insurance committee that the recent increase in extended coverage rates on dwellings was justified and that the rates should be made on the basis of two or three zones country-wide instead of by states as is proposed.

Sen. Conte, committee chairman, called for legislative investigation of the rate increase at the hearing. He has sponsored bills for that as well as for zone rates and for public hearings to be held on all rate increases.

John W. Downs of the New England Fire Insurance Rating Organization opposed the three bills and termed zone rating as impractical, unfair and unworkable. He said that talk of a 150% extended coverage rate increase was misleading, that it is sold in combination with fire insurance and taking the EC increase together with dwelling fire rate reductions, net effect in 1954 on dwellings was an increase of from 30 to 50% on year-round dwellings and a 2% net reduction for seasonal dwellings.

Pasewalk Nominated to Head D. C. Agents

WASHINGTON—District of Columbia Assn. of Insurance Agents will vote on the following nominees at a meeting May 13: Herbert M. Pasewalk, president; Joseph L. B. Murray Jr., and Huntington T. Block Jr., vice-presidents; Charles R. Barker Jr., secretary; Robert V. Oxenham, treasurer, and A. L. Jagoe Jr., state national director.

Trustees to be voted upon are Walter Schilling, H. T. Beumann, Francis A. Marks, William A. d'Espard, J. Douglass Wallop Jr., Carl A. Anderson, R. Kelvin Shivers and John H. Humphrey.

The nominating committee has recommended that the board membership be increased from six to eight in addition to the officers.

Fentress Plugs Allstate with Sears' Stockholders

Calvin Fentress Jr., president of Allstate, has directed a letter to stockholders of Sears, Roebuck & Co., pointing out that Sears has invested a total of \$4,848,347 in Allstate, and that this investment now is conservatively estimated as worth more than \$100 million. In addition, Allstate has been paying Sears substantial dividends.

The reason for the letter is to bring to the personal attention of Sears' stockholders the advantages of insuring their automobiles or fleets with Allstate. He adds that Allstate is wholly owned by Sears, Roebuck & Co., which means that Sears' stockholders own Allstate. A Sears stockholder who is an Allstate policyholder not only makes a saving on his auto insurance, according to Mr. Fentress, but receives unbeatable claim service and creates additional values for himself by building the business of the insurer.

Accountants Hear Leggat

W. Douglass Leggat, industrial engineer of Uniform Printing & Supply Co., discussed forms design and control at a meeting of Insurance Accountants Assn. of New York City.

Need for Properly Translating Dwelling Forms Is Explained

Problems facing agents in acquainting the buying public with the advantages of the new dwelling forms were outlined by H.T. Schulenberg, Miami agent, before Florida Assn. of Insurance Agents at its annual convention at Miami Beach.

Mr. Schulenberg, who in 1952 became the first Florida agent to hold the designations of CPCU and CLU, said he thinks the greatest need in merchandising is in translating complex, complicated and sometimes technical policies in language clients can understand.

Agents can do a much better job of acquainting prospects with the new forms if they teach themselves the knack of explaining them in simple language. He recommended pictorial material that has been prepared to show the coverages provided by the new forms.

A second problem facing agents because of the new forms is that of becoming enthusiastic about them, Mr.

Schulenberg said. He pointed out that they represent a tremendous amount of research and planning, work that "will go down the drain" if agents do not acquaint themselves with the opportunity offered by them and become enthusiastic about them to the point where they are anxious and eager to tell their clients about them.

Mr. Schulenberg summarized his talk in three points: (1) Agents have a tremendous new improvement in the product they have to sell; (2) they face the problem of explaining this to their clients in simple every day language, and (3) they will never sell to anyone unless they, themselves, become enthusiastic about the forms.

Oklahoma City Junior Chamber Elects 5 Agents

Five agents have been elected officers of the Oklahoma City Junior Chamber of Commerce. Jere Hulson of the Commercial agency has been named president and the new vice-presidents include Emott Hedrick, Pacific Mutual Life; Harvey Drake, owner Harvey Drake agency; Omar Mas-sad, Eugene Whittington agency, and James Montgomery, Aetna Life.

A New and entirely different concept of marketing NON-CAN A&H coverages...

THE 10-12 PLAN

Here's a new marketing plan that makes Provident's great Non-Can line more appealing than ever. The unique features of the 10-12 Plan include provision for premium payment on a salary allotment basis.

Thousands of producers will boost their Non-Can sales through use of the 10-12 Plan. You are invited to be one of them. We'll send full information as soon as we receive your request.

Brokerage Business Invited



PROVIDENT LIFE & ACCIDENT INSURANCE COMPANY

Chattanooga - Since 1887

LIFE ACCIDENT SICKNESS HOSPITAL SURGICAL MEDICAL

Daenzer Analyzes Commercial Block Policies

(CONTINUED FROM PAGE 7)

better facilities for the handling of such coverage.

The policy has a restricted but important market since it covers only

away from the manufacturing premises and requires a minimum premium of \$5,000.

Mr. Daenzer advised businesses to

examine their controlling financial interest and if the principal activity is manufacturing, that is, not merely the distribution of someone else's products or retailing only, it may be possible to use MOP to cover all raw materials, finished goods, and all personal property, even automobiles, of the manufacturer away from the main manufacturing premises.

Hundreds of types of manufacturers qualify for MOP, but if any should be in doubt they can find out from EMPIRO.

Mr. Daenzer summed up the principal advantages of MOP for businesses as: (1) It provides automatic coverage not only in transit but also in warehouses or temporary locations—other than at insured's manufacturing location—anywhere in the United States and Alaska; (2) It requires less book-keeping; (3) eliminates gaps or overlapping of coverage, and (4) results in substantial premium savings.

Another big development which has a much wider applicability is the merchandise floater policy, he said.

As was done first in the personal lines field with casualty endorsements to fire policies separately rated and coded, this is merely the stapling together of the fire reporting form and the transit cover.

Mr. Daenzer pointed out that if any corporation has been eligible for forms A or 1 or for non-reporting form 5, he may secure the combination and convenience of the package, whether he is a retailer or wholesaler, jobber or distributor, dealer or manufacturer.

It might be well for those firms which do not qualify for a MOP to re-appraise their reporting form coverage in the light of this possible combination. He said it is especially true that if they do not have an arrangement which involves long term storage points, the policy will be particularly advantageous, almost as good as MOP on the goods away from the premises.

Other than these three big movements, there has been little activity in the commercial field along multiple lines, along the lines of mixed perils, with mixed perils defined as an indivisible mixture of direct physical damage and third party liability in the same contract.

In the personal field, this has been well done in the homeowners policies contracts A, B and C. There is a difficult problem in attempting to combine commercial mixed perils. For example, it may be possible to combine the west coast block form and a storekeeper's liability policy with a common rating basis such as gross sales. Yet, for anything more complicated, it would seem

essential that physical damage and liability rates be handled on a divided basis.

Mr. Daenzer said at the present time there is a trend toward the addition of honesty insurance to fire policies. In some cases on the west coast, the 3D contract has been added to the block but these combinations have been hand tailored and separate standard rates applied. Here again, some day, a mandatory form may result in the wide spread of fidelity cover and, possibly, lower rates.

From comments made, he said he believed the corporate insurance buyer would prefer it if insurers set down a pattern of the objectives to be reached for small commercial risks, the big middle market and then the corporate giants. In order for the companies to assume the catastrophic exposures not heretofore insured in large numbers, they must have the compunction of a mandatory form and legal permission to hold catastrophe reserves for the long pull.

Simplicity in rating and drafting forms is ideal. For small risks, such as residences and small stores, the goals set can be quickly reached. For the larger risk, it may be necessary to gather together a considerable amount of data and use a composite rating, which may be complex.

For the present, he told the buyers, they should consider carefully the new developments mentioned and how they apply to their own corporations. He said they would need wise counselors in producer and company ranks, trained personnel with wide underwriting knowledge and imagination.

To Try Pioneer Western Charges June 6

Indictments growing out of the alleged mismanagement of the defunct Pioneer Western Mutual of San Antonio have been set for trial June 6 in district court. There are 20 indictments involving W. C. Brickley Jr., company president, Mrs. Marianne Emmerson, Louie Arnett and V. C. Thompson, company officials. The indictments allege submission of false statements to the insurance commissioner and misappropriation of company funds.

New Name for Hardware Mutual of Minnesota

Hardware Mutual of Minnesota has changed its name to American Hardware Mutual. The company no longer has a local character, and does a considerable business in California, New York, Texas and New Jersey. It has 16 offices and last year had a gross income of \$25,700,000.

DEATH RIDES THE HIGHWAYS!

Global Transportation Accident Policy No. 303 Insures While:

- (1) Driving an automobile or a passenger in one, or being struck by one—any place in the world.
- (2) A passenger in any aircraft licensed to carry passengers. That includes domestic or foreign aircraft—privately owned, company owned, scheduled or non-scheduled air line owned, also chartered aircraft—any place in the world;
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FOR LOSS OF LIFE.....\$100,000

OR—Permanent total loss of sight of both eyes, or loss of two limbs, or permanent total loss of sight of one eye and loss of one limb.....\$100,000

OR—Permanent total loss of sight of one eye, or loss of one limb.....\$50,000

Annual Premium.....\$100.00

Prorata Premium for.....\$75,000 - \$50,000 - \$25,000

Send for sales circular in which facsimile of policy is reproduced. One agent says—

"After showing the circular to prospects I sell seven out of ten of them within ten minutes."

If you can qualify for agents contract in—Colorado, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Mississippi, Missouri, Nebraska, Ohio, Pennsylvania, Texas or Wisconsin

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Ways of Advertising As Aid To Business Told to La. Agents

The need for local agents to use advertising that stresses what an insurance policy and agent can and does do for insured was explained by Dwight P. Ely, director of advertising of Ohio farmers companies, before Louisiana Assn. of Insurance Agents at its annual meeting at Edgewater Park, Miss.

Mr. Ely, who described the "when" of advertising as a member of a panel, pointed out that in insurance advertising is a matter that requires constant attention.

In his ads an agent should stress that he is selling protection. People aren't particularly interested in policies or contracts, but they are in protection. It's impossible today to render full insurance service without the use of advertising.

Mr. Ely said the use of window displays, folders and newspaper advertisements written by the agent can do a lot to increase his sales.

For example, a folder explaining what is meant by the terms burglary, robbery and theft is a good way to advertise. Such folders can be sent through the mails with letters, are easily carried around to be passed out when talking to prospect and can be left on counters where people can pick them up.

Mr. Ely wondered if it wasn't possible for agents to put into their office windows samples of what they sell. Folders can easily be used as part of a window display. And this type of advertising doesn't cost anything.

He said he thought they should also write their own newspaper ads rather than used furnished mats. The ads could contain such information as a loss that was paid for, and how happy the insured was and a talk an agent had with one of his clients about the need for insurance. The ads should be written in easy to understand words rather than big words that might puzzle the readers.

Telephone courtesy should also be practiced by employees of an agency. A person who calls an agency and is treated courteously over the telephone will have a high regard for the agency.

An agent has many things to talk about, such as his survey service, policies, expiration files kept for his customers, field men and engineers and how he can help people get the right kinds and amounts of insurance, and advertising will make his work easier.

Mass. Agents Insurance School is Set For June

Massachusetts Assn. of Insurance Agents will hold its summer insurance school June 15-17 at University of Massachusetts, Amherst.

Faculty members and their subjects will be Stanley A. Gibson, executive state agent of Phoenix-Connecticut group, time element coverages; Clifford C. Griffith, manager of Travelers at Worcester, comprehensive general liability; Donald M. Fifield, casualty special agent of Field Cowles, Boston, residence liability; George S. Hanson, associate counsel of National Assn. of Insurance Agents, agency legal liability and agency set-up; H. James Doolittle, supervisor of Aetna Fire, survey selling, and Robert M. Morris of Morrison, Mahoney & Pearlman, Boston law firm, multiple-peril policies.

Casualty, Surety Assn. Hears Annual Reports

(CONTINUED FROM PAGE 3)

program the past year was the handling of publicity for the "Slow Down and Live" campaign. Its five-year-old insurance education program, which consists of two parts, a classroom aid plan and a teacher training plan, has continued to gain in popularity with insurance classes in colleges and universities.

In 1954 the department also sent out some 13,000 copies of its booklet, *A Career For You*, which details the why, what and how of insurance work from A&H to workmen's compensation. The demand for the department's assistance in preparing public relations programs to meet specific needs of groups with which the association is cooperating for the general good of the business has also increased.

The claims bureau advisory committee report shows that 871 persons were under investigation during the year by the bureau which probes fraudulent claims and unethical practices. Cases of 92 persons were referred to prosecuting authorities, and 55 were either indicted or prosecuted by information or complaint. Cases involving 22 attorneys were referred to bar associations and those of three physicians were referred to appropriate agencies. Three attorneys were disbarred, two suspended and 23 persons entered pleas of guilty to criminal charges against them. Ten persons were convicted after trial.

The plate glass advisory committee report noted that association members were kept up to date on replacement prices in more than 355 communities. About 1,250,000 claims cleared the nine index bureaus during the year.

The research advisory committee report stated that a joint subcommittee of it and the claims bureau advisory committee is now studying four topics as were recommended at the fourth workshop on cost reduction and control. They are: methods of establishing formula and average reserves of reported claims; formula reserves for incurred but unreported losses; methods for determining reserves for allocated and unallocated claim expenses, and case loads handled by claims examiners.

Among the developments noted in the accident prevention department's advisory committee report for 1954 was the establishment of an eight member committee, composed of four top executives representing the insurance business, including one from the association, and four executives from the manufacturing industry. Known as the joint exploratory committee, this group has been empowered to further the principle of joint action between the two and formulate its nature and direction.

The staffs of the represented organizations have been directed to develop recommendations to be placed before the committee and execute the program as determined and directed by the committee.

The report also pointed out that priority matters now agreed upon for exploration are in two areas—the budgetary problems of the official and professional traffic safety organizations and the public information, education and support aspects of the traffic safety movement in general.

Ayer agency of Plymouth, N. H., which is observing its 75th anniversary, is seeking old photos taken in the area for publication in an anniversary scrapbook relating the agency's history.

N. H. Fire, Peerless Studying Merger

New Hampshire fire, largest insurer in the granite state, and Peerless Casualty of Keene are studying the possibility of a merger.

Lester S. Harvey, president of New Hampshire fire, admitted that a merger is being studied by the companies but did not go into details.

Program Completed for Midyear Meeting of Maryland Agents

The program has been completed for the midyear meeting of Maryland Assn. of Insurance Agents June 12-14 at the George Washington hotel, Ocean City.

Registration and a board meeting are on the first day's agenda, while the Monday session will include morning business meeting a luncheon, a talk by Bernard L. McMackin Jr., assistant editor of *Fire, Casualty & Surety Bulletin*, who will discuss homeowners policy C as compared with all physical loss forms and the personal property floater and one on valuation for insurance by Paul L. Whittington, manager of American Appraisal Co. An evening cocktail party will be followed by a dance.

The June 14 program will include a breakfast for officers of local boards, the showing of a motion picture, "Sell The Whole Umbrella," furnished by American group, a discussion of the new automobile and physical damage policy by Morton J. Welhoelter, assistant superintendent of the automobile department of U. S. F. & G., a talk on federal influences are showing by Maurice Herndon, Washington representative of National Assn. of Insurance Agents, and a luncheon at which the deceased past presidents' memorial trophy will be awarded.

Pittsburgh Agency Assets Sold

Sweet & Sons of Pittsburgh has purchased the assets of Stone-Chidester general agency and all companies of the agency have transferred their business and contracts to Sweet & Sons, which will continue to operate under that name.

Employers Re Hits New Surplus High

Surplus of Employers Reinsurance at the end of the first quarter was at the all-time high of \$14,363,786, a gain before federal taxes of \$1,538,138 as against a 1954 first quarter increase of \$1,415,362. The increase, was derived from underwriting profit of \$697,209, investment earnings of \$298,094, a gain in statement value of investments of \$200,676 and \$342,157 from release of statutory premium and loss reserves.

After deduction of income tax reserve of \$432,322 and dividends paid, both cash and stock, of \$700,000, there was a net addition to surplus of \$405,815. Net surplus thus increased from \$11,457,953 at Dec. 31, 1954, to \$11,863,768 at March 31, and policyholders' surplus gained \$905,815, including the \$500,000 transferred to capital.

Premiums were up more than \$800,000 over the first quarter of 1954, largest increases being in fire reinsurance, A&H, fidelity, self-insurance and libel. Assets rose about \$1 million during the first quarter.

Erion Controller Speaker

Frank L. Erion & Co., Chicago adjuster, will address members of the Chicago Control of the Controller Institute of America at its monthly meeting May 19 in the Mid-Day club. He will talk on business interruption insurance. The organization has more than 350 members.

Chances of Mo. Bills Dim

Four measures affecting insurance in Missouri are expected to die in the current session of the state legislature because of lack of time before adjournment May 31.

They are: A bill to revise statutes relating to uniform individual A & H policies; an unfair trade practices in insurance measure; a fire and casualty agents and brokers qualification and licensing bill; and a proposal to amend laws relative to the practice of law so that only licensed attorneys could settle or even discuss the settlement of claims under insurance policies. The last bill would limit all adjusting and claim settlements to attorneys.

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Call Allstate Rates Consistent with Commissions

(CONTINUED FROM PAGE 1)

general counsel of Allstate, asked for a copy of the letter and Mr. Holz suggested that he withhold any comment until Mr. Winchester appears.

Mr. Kaplan declared that Allstate's loss adjustment expenses were higher than stock company averages, a statement that was hit by Mr. Moser, who said he never saw such an unfair comparison.

Mr. Holz told Mr. Kaplan he would have to substantiate any average or loss adjusting expenses and that Allstate would have to do the same. He wanted proof.

The hearing then swung back to Mr. Mays, who was asked by Joseph M. Proskauer of Allstate counsel if the commission rates he quoted were about the same as those paid by other stock companies. He replied he believed they were.

Asked if dwelling fire commissions were compensatory to an agent, Mr. Mays said he didn't think so, adding that agents make it up by handling other lines.

Mr. Kaplan asked Mr. Mays to state the average dwelling house loss in the state and he said it was something under \$100.

Mr. Moser had the witness define what area is included in the metropolitan territory and asked him if there was much dwelling business in this section, to which Mr. Mays said no.

Allstate counsel wanted to know if the contracts that had been introduced as exhibits are at times amended by riders, to which Mr. Mays answered, "I don't believe so."

Mr. Moser also wanted to know if Continental paid overrides in areas other than metropolitan referring to the percentage over brokerage explained earlier by Mr. Mays, who told him no. He also replied that amounts paid in contingent business in 1953 and 1954 were at his office.

Mr. Mays told Mr. Moser, in answer

to another question, that the average commission on dwelling business was not available, as it was not broken down.

Mr. Holz again interrupted, saying he wanted to know why he should listen to testimony on commissions paid.

Mr. Moser replied that "they are paying 30 to 35% and if we can pay 15%—Allstate's commission rate on new business—then we can write our business at a 20% saving."

Mr. Holz said he wanted Allstate to explain its loss adjustment expense, general expense and other acquisition.

The next witness for NYFIRO was John R. Barry, president of Corroon & Reynolds and chairman of a subcommittee of the NYFIRO governing committee, who explained how the term rates are figured. He said insured covered by NYFIRO companies are protected from rate increases in their policies while they are in effect.

He contended that when Allstate issues a 1-year policy the insured is not protected against a rate increase and that its rate was 36% less than that of NYFIRO.

Mr. Kaplan said if the Allstate premium for a 1-year policy is compared with NYFIRO's annual rate the discount would be 36%, to which Mr. Moser said that Allstate uses the term rate of the organization to get its annual rate and that NYFIRO had said that 95% of its dwelling class business is written on a term rate.

Mr. Barry, in answer to a question by Mr. Kaplan, said that after studying the Allstate report to directors for 1954 he figured out that its cost per policy was a little under \$9, not including loss adjustment expense, taxes and commissions.

He said he thought that the cost of issuing a fire policy would be greater than that of an automobile policy as many dwellings are mortgaged and extra policies have to be written.

Mr. Moser said that "we have a right

to assume that the department approves the dwelling rate by NYFIRO and if it is adequate for them at 27.5% (referring to commission paid to agents) then it is adequate for us to pay 15% and less. If they are not making money at this rate then the department is derelict in its duty.

"If this rate is too low for us then their rate is too low for them. They have no right to subsidize agents out of their pockets any more than we can subsidize out of our automobile business."

Mr. Kaplan said that when a new company is admitted all "we ask is that the department take into consideration the experience of the business in approving rates," to which Mr. Holz said he would if the experience of companies in the dwelling fire business was given to him.

Mr. Barry commented that Allstate couldn't write a policy at less cost than the auto business, and that if "we did business on the same yearly business as Allstate our percentage of costs would be much greater," and the department would have to grant a 50% rate increase.

He said "we couldn't operate on Allstate's basis. The agent (referring to the agency system) is an important part of our economic structure. We need him to give insured public service."

Scott Harris of Joseph Frogatt & Co., placed on the stand by NYFIRO counsel, testified that the cost per policy for Allstate in 1953 was \$77.19. It was brought out that the cost per policy on fire insurance is \$11.30.

Superintendent Holz indicated that he was not going to accept the 8.5% average commission used by Allstate until he knows it is a real figure. However, he said, the dollar cost per policy might not be the same for fire insurance on dwellings as for automobile. The premiums are different sizes.

Mr. Kaplan said that the cost per policy is the same, that Allstate could not possibly write a dwelling fire and extended coverage policy except at at much higher percentage of cost. He declared that a company pays expenses out of dollars and not out of percentages.

He cited the experience of other casualty companies that recently went

into the fire insurance business. For Central Surety, which had an expense ratio of 52.1 in 1953, on automobile and ratios of 76.3 and 85.4 for fire and EC, respectively, which resulted in a combined fire and EC expense ratio of 78.7. Maryland Casualty in 1953 had an expense ratio of 46 for automobile, 81.4 for fire, and 93 for EC, or 84.4 for combined fire-EC. New Amsterdam Casualty in 1953 showed expense of 43.4 for automobile, 132.6 for fire and 124.8 for EC, or a combined ratio of 129.8 for fire-EC.

Mr. Harris testified that projecting Allstate's filing on dwelling rates on the foundation of NYFIRO companies' experience in extended coverage at an 80 cent rate, since Allstate is charging 20% less, develops an underwriting loss on new business of 41.7% and on new and renewal of 35.2%. For the combined fire and EC, the same projection would result in an underwriting loss of 15.5%.

Frequent references have been made during the hearings in the Allstate case to that company's memorandum to Superintendent Holz written last April 18. The memorandum dealt with losses, expenses and profit relating to its filing on its dwelling fire and EC rates.

The memo states that Allstate always has assumed that its losses in dollars will be similar to the losses of the stock companies which are members or subscribers of NYFIRO. The memo states that its expense ratio is and will be considerably less than the average expense ratio of such stock companies because its rates are based upon savings and expense. That saving comes from paying 15% commission on new business and 6.5% on renewals, compared with 1953 stock company aggregate commission and brokerage expense of 27.5.

As to profit, the memo stated that even in 1951 and 1952 when bureau companies were experiencing difficulties in the automobile business, Allstate continued to make an underwriting profit—4% in 1951 and 12% in 1952—at rates approximately 20% less than those of bureau companies. Its filing for New York indicated that on new business it would make \$1.50 per \$100 of premiums and on new and renewal \$6.70 per \$100, compared with \$5.60 for stock companies for 1949-53.

The memorandum stated that if there should be an upward adjustment in NYFIRO's EC rates, Allstate will of course seek to adjust its rates accordingly.

The memo declares that Allstate's expense savings are in no way attributable to the absorption of any of the costs of Allstate's operation by Sears, Roebuck & Co. Insofar as cost is concerned, the memorandum declares, Allstate is completely self-supporting. Though true that Allstate's agents do not perform certain clerical and routine functions traditionally performed by the bureau companies' agents, such functions are performed by other employees of Allstate and paid for in their entirety by Allstate. Sears, Roebuck & Co. in no way subsidizes Allstate's operations.

NYFIRO has referred to alleged items of expense in the fire field which do not occur in automobile, the Allstate memorandum comments. In Allstate's operation, writing the dwelling classes only, many of these expenses obviously will not be involved since they are attributable either to the writing of non-dwelling risks or the maintenance of the rating bureau system. Allstate's premiums for 1953 were put on the books at an average rate



Many a Slip in a Trucking Trip

Truck cargo values have been rising steadily. This has increased the exposure to fire and other perils. It is reflected in the increase in the value of goods stolen from motor trucks from \$22 million to \$90 million in the last eight years.

For these reasons, your present cargo accounts will be receptive to your suggestion that they buy higher limits per truck and on terminals. Illinois R. B. Jones will furnish the necessary Excess Cargo coverage.

Minneapolis Insurance Club Elects C. E. Mavis

Carroll E. Mavis, resident vice-president of American-Associated, was elected president of Insurance Club of Minneapolis at the 35th annual meeting. He succeeds T. A. Valine, Jr., state agent Phoenix-Connecticut group, who was elected a director for three years.

Joseph G. Opsal, local agent, was elected vice-president, and Warren W. Foster of Aetna Fire, sergeant at arms. Clyde B. Helm, for many years secretary-treasurer, was reelected.

E. R. Hurd, Jr., superintendent of sales promotion and advertising, American-Associated, was the guest speaker.



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of approximately 19% less than those of other companies, according to the memorandum.

Allstate in its memo denies the allegation by NYFIO that "no system of rating in the fire insurance field is complete without the maintenance of the city and town grading system." The New York law expressly permits independent filings. However, Allstate has always been willing to pay, and again offers to pay, its fair share of the cost to NYFIO of maintaining the city and town grading systems for the dwelling classes if it can do so without being bound in any way by the rates, rules and forms or other restrictions imposed by NYFIO upon its members and subscribers. Allstate, the memo points out, is unwilling to give up its right to be independent.

The appendix of the memorandum states that NYFIO assumes that the statute requires uniformity and prohibits price competition. This Allstate denies. To do otherwise would perpetuate a monopoly to NYFIO and deprive the public of the substantial savings in its fire insurance cost and the other benefits which derive from classes.

Implicit in NYFIO's presentation is the erroneous syllogism that (a) its rates have been approved, (b) Allstate's rates are 20% lower, (c) Allstate's rates, therefore, are inadequate, the memo states. This conclusion is a nonsequitur. Allstate's expense savings make its lower rates adequate.

If the claim that direct experience is the only basis for departure from NYFIO rates were true, no company could write business except on terms fixed by those entrenched, the memo declares. It is also an implicit assumption in NYFIO's memo that there is something sacrosanct about its organization and that all insurers, willing or not, must take unto themselves the blessings of membership or subscribership therein. The SEUA decision, public law 15 and New York insurance law destroys this contention, the memo concludes.

\$900,000 Insurance Loss in Hammond, Ind., Fire

The biggest fire in the history of Hammond, Ind., last Thursday caused insurance loss estimated by Western Adjustment at about \$900,000. Daily newspapers had set the loss figure in excess of \$2 million. The fire which started at 11 a.m. destroyed a Great-Lakes Warehouse Corp. building, an American Chemical Co. service plant, the two top stories of another Great Lakes warehouse, the Pratt Food Co. and damaged the Paxton Lumber Co.

The fire, which started from burning rubbish in the yard of the Great Lakes Corp., spread rapidly due to winds reaching gusts of up to 45 miles per hour. Flames roared as high as 300 feet, keeping firemen battling for nine hours before the fire was brought under control.

Fire companies from nearby Gary and East Chicago were detailed to protect Hammond until its fire department could be restored to normal duty.

Evansville, Ind., Assn. of Insurance Agents at its May meeting heard Miss Amalia Miller of Underwriters Laboratories present a program called "Danger Sleuths." Part demonstration and part film, the program portrayed the activities of the laboratories to check hazards.

New York Agents Reelect, Discuss N. Y. Compulsory

(CONTINUED FROM PAGE 1)
is a definite need and place for the local agent.

However, he warned agents they should not hide their heads in the sand. Direct selling is here and is going to stay. Agents must reckon with it. It won't replace the agency system, he said, but agents must reexamine their operations, the commissions they are paid, and their expenses in the interest of price, which is important to the public as well as the personal service of agents.

Officers were reelected—Mr. Schwab, C. Fred Ritter of Middletown, executive vice-president, Emil T. Clauss of Buffalo, state national director, and Craig Thorn Jr. of Hudson, treasurer. New directors are Joseph K. Wright of Nyack, George L. Helm of Freeport, Albert E. Mezey of New York City, Leo D. Mahoney of Little Falls, Frederick G. Lyman Jr. of Watertown, and William Orband of Binghamton.

The association's officers, Mr. Schwab said, feel very strongly that there will be again a life and death struggle in the next New York legislative battle over the compulsory issue. Gov. Harriman who did not press strongly during the legislative session for compulsory has indicated on three occasions since then that he is vitally interested in solving this problem. Tremendous pressure will be brought to solve it, and unless the insurance business gets down to work, it may not be solved to its satisfaction. He urged every agent to bombard his casualty companies on every possible occasion, starting right now, to see that they realize the seriousness of the matter and buckle down to some real work in bringing forth a positive answer.

He commented on the bill in the last legislature which would have tightened the financial responsibility law to require proof of FR before operating on the highways. This plan would not involve any filing and did not have the objectionable features of the Massachusetts compulsory law, he said. The agents' association supported this idea, but when the bill was introduced it had some serious defects which the association could not support.

Discussing the North America case, he said that the intervention of the association was not directed against that company as a company but against the principle of rate reduction based upon lower commissions to agents and upon the desire of agents to prevent a rate war. He said he believed that the agents accomplish their purpose in putting all the other companies on notice that the agents were vitally interested and ready to fight for their rights in these matters.

On Sept. 1, he said, it will be necessary for an agent in New York to complete a 90-hour course before being permitted to take the agent's examination. The applicant cannot take a fire, or casualty, or fidelity and surety examination, but must take the over-all examination. This is a sensible step, he said. The insurance department records indicate that only 35% of applicants were passing the agent's examination while brokers, who for some time have been required to take a course, had a 75% passing average.

With multiple peril package policies, it is no longer feasible to issue fire

only licenses, or casualty only licenses, or surety only licenses. It is surprising that certain elements in the business opposed this step in improving their representation. However, the bill went through, thanks to the efforts of A. L. Diesseroth of Syracuse, legislative chairman, and John G. Mayer, executive secretary. It is now law.

The speakers bureau of the association has been formed and will be ready to operate within a month, he said. It is composed of agents and company representatives prepared to discuss insurance subjects before service, civic and other organizations. A joint project with Federation of New York State Insurance Women's Clubs has been suggested whereby introductory courses on insurance would be taught in local high schools. That would be an important effort, he said.

Part of the conference activity of agents with companies has been the idea of forestalling any such action as occurred last summer and fall when agents were hit with five or six different changes in both fire and casualty within one month. Agents met with Superintendent Holz of the New York department and found him very receptive to the idea of conference. He suggested that agents prepare a legislative program and discuss it with him late in the spring instead of in the middle of the legislative season. The agents are going to take him up.

Many segments of the business and in some of the association's own members believe that a reduction in agent's commission would reduce talk enough to make the agents competitive with the direct writer, Mr. Schwab commented. That this in itself is not enough can easily be seen from the preoccupation that the agency writing mutuals are having with the direct writers. "Their difficulty is at least as great, if not greater, than ours." There

is and will have to be a satisfactory solution which can come about only through honest conference, and for this the association has been pressing for some time. No one owes the agent a living, he said, and it behooves him to get out and see his people—and in discussion with them prove that his knowledge, ability and service are commodities well worth paying for.

Vincent S. McKerrow, superintendent of the reinsurance department of the Continental Casualty, described operations at London Lloyds. He said Lloyds has contributed tremendously to the growth of insurance in the U. S. Aside from direct business, it has through the years provided a sound, independent reinsurance market. To new companies adequate reinsurance is vital, and the success of many well established insurers can be attributed largely to shock losses absorbed by the reinsurer. Mr. McKerrow believes that notwithstanding the growth of domestic companies in size and knowledge, the influence of Lloyds will continue to be strong. It has more than \$200 million in trust funds in the U. S. for the protection of American policyholders.

Ernest Richter Honored

Ernest Richter, secretary and chief accountant of Loyalty group's midwestern department, Chicago, was recently honored there at a luncheon at the Union League Club for his 45 years of service. Mr. Richter, who came to Chicago from Germany to join an uncle living there, was hired as cashier of Firemen's of New Jersey by the late Neal Bassett, then vice-president and midwestern manager of Firemen's. At the time Mr. Richter spoke only German. He subsequently was promoted to the position which he now holds.

At the luncheon H. A. Clark, midwestern vice-president, presented Mr. Richter with a wrist watch suitably inscribed to commemorate the occasion.

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Neal Analyzes Problems with FTC

(CONTINUED FROM PAGE 6)

known whether the committee will continue this investigation. There have been suggestions that the FTC action will for the present forestall further committee action.

The investigation into the field of credit insurance began with questionnaires circulated by the subcommittee on anti-trust and monopoly legislation of the Senate judiciary committee in April, 1954, followed by hearings in Kansas, North Carolina. The report of the subcommittee was an interim report which did not recommend new federal legislation dealing with tie-in sales of credit insurance, but did call for continuing the investigation to include examining the need for new legislation, whether to amend the anti-trust laws, and whether Public Law 15 should be "amended or repealed".

Mr. Neal said the important point in the report "seems to be a demonstration of mounting impatience on the part of the federal government with the adequacy and quality of state regulation. The subcommittee says it will not forever accept 'attempts' at regulation as a substitute for regulation of the business of insurance by the states. If this condition continues they seem to leave no doubt but that there will be efforts to amend or repeal the McCarran act."

Of importance is the investigation and report of the subcommittee on union welfare and pension funds of the Senate labor and public welfare committee. Though still in the investigative stage, and as yet without recommendation for specific legislation, Mr. Neal asserted this matter presents a

serious problem. The report finds fault with labor and management generally as being unprepared to cope with the many complex problems incident to the regulation and administration of welfare and pension plans. What is more important are the critical findings concerning insurance carriers. While the report did not recommend specific legislation, the committee indicated its conviction that complete disclosure provides the most effective single deterrent to malpractice, mismanagement, and waste, and therefore, consideration should be given to the feasibility of requiring all private employee welfare and pension plans and funds to register and to file annual reports with a federal agency, on a form to be prescribed by such agency, the information to be made available to all interested persons. In addition, there should be provisions for inspection, supervision and enforcement.

"Due to mounting pressure," the FTC in the fall of 1953 undertook an investigation of A&H insurance advertising.

Of the 28 complaints filed, Mr. Neal said two have been disposed of on the basis of consent decrees, this being for settlement purposes only, and does not constitute an admission by the respondent that it had violated the law as alleged. It is a mechanism through which long and expensive litigation may be avoided upon agreement not to use advertising containing the points on which the complaint was based. For purposes of the case in question only, the respondent must

agree to the commission's jurisdiction.

"Advertising is a sensitive media to an industry founded on confidence and faith in future performance," Mr. Neal noted. "Hence, it is probable that no company would refuse to alter its advertising to remove areas of doubt concerning its accuracy, and so far as I am able to discern, all or most have. Consequently, it is the legal question of jurisdiction that becomes the primary point of difference with the FTC. Most of the companies cited have raised that issue by stating that they are regulated by state law and therefore, under the McCarran act, the FTC has no jurisdiction over them. If the companies prevail in this opinion that the FTC does not have jurisdiction... it could result in a Congressional review of Public Law 15. In substance the position of the FTC is that it has jurisdiction over any company which is not licensed in all states in which it does advertising and that those states have adequate statutes to regulate that advertising. If the government viewpoint prevails, the companies will be in no better position than they are now so far as knowing the bounds within which to conduct advertising programs, and no progress will have been made during the time required to dispose of the litigation. This gives rise to the question of whether it would not be wise to consider the entire subject from the public relations aspect rather than as a point of law.

"In support of this conclusion some are of the opinion that a review of Public Law 15 should be avoided at this time and that cooperative procedures should be sought; that an application for a trade practices conference should be filed with the FTC to establish rules within which to conduct advertising programs. Opponents of this procedure have expressed themselves as being fearful that it would be the entering wedge of federal supervision. The insurance commissioners have not taken an official position on the matter. Commissioner Pansing of Nebraska, has suggested in a well reasoned letter to the FTC, the commissioners, and the company trade associations, that a three party conference be held, aimed at disposing of the immediate advertising problem and that the legal problem of jurisdiction be left to ultimate judicial interpretation. The executive committee of the conference and the governing committee of the bureau have recommended to the Joint Committee on Health Insurance that it explore the possibilities of such a meeting.

The original federal reinsurance proposal was recommitted because it was susceptible to objections from all quarters, but it has been continued as part of the administration's program. The present bill is designed to eliminate some of the criticism leveled at its predecessor. This time it is an omnibus bill containing six titles, the first of which is the reinsurance section. Basically the bill is substantially the same as it was last year, but this time with more definition. In addition to the reinsurance title, the bill includes mortgage insurance for construction of health facilities, practical nurse training, graduate training of professional nurses and of professional public health personnel, and titles on public health services and mental health.

The ends sought by the administration in the reinsurance bill are laudable as they were a year ago, Mr. Neal remarked, but the question is

whether the ends sought can be obtained through these means. On this there is a division of opinion and those who are against the bill do not find it easy to oppose an administration dedicated to the utilization of private enterprise.

Discussing his new position as counsel for the conference and the bureau, Mr. Neal explained he maintains offices with American Life Convention, Institute of Life Insurance and Life Insurance Assn. of America. The advantages of this arrangement are many and have been adequately demonstrated in a very short period of time, he said.

This combination is unique among trade associations in Washington. Most, if not all, problems are explored together giving the benefit of a complete exchange of ideas and the opportunity to coordinate the activities of the associations. There is not always agreement, but the opportunity is there to reconcile opinions.

Name George Blossom V-P of Fred S. James & Co.

George W. Blossom, III, with Fred S. James & Co. nationwide brokers for 14 years and a director for the past eight years, was elected a vice-president of the firm at its recent annual meeting.

Cincinnati Drops Plans for Tax on Premiums

CINCINNATI—The city of Cincinnati has dropped its effort to apply the city income tax to premiums of out-of-state insurance companies. It had previously admitted it could not do so with domestic insurers.

The decision was based on a recent Ohio supreme court holding on the similar Toledo tax in connection with a finance company and the fact that the state premium tax supplants all other taxes.

Indiana Caravan Program Completed for May 17-19

Hoosier Insurance Caravan is set to roll in six cities May 17-19. Arrangements for each caravan session are made by a chairman who is a representative member of Indiana Assn. of Insurance Agents, which made the overall arrangements for the free educational program for all capital stock company agents. Dates, cities and locations follow.

May 17, Terre Haute, Hotel Deming; Gary, Gary hotel; May 18, Evansville, Lamplight Inn; South Bend-Mishawaka, Lincoln Highway Inn; May 19, New Albany-Jeffersonville, New Albany Country club; Fort Wayne, Hotel Van Orman. Sessions run from 8:30 to 4:40. Co-sponsors with the Indiana association are Indiana Casualty & Surety Managers Assn. and Surety Assn. of Indianapolis.

The program will include small manufacturing risks, building and contents, crime cover, workmen's compensation, liability and auto cover, inland marine, time element and catastrophe loss procedure.

Tenn. Insurer Ordered to Stop Doing Business

Commissioner Northington of Tennessee, in a bill filed in Shelby county chancery court, obtained an injunction against further operation of Friendly Fidelity Casualty of Memphis, which had been writing A&H since 1951. The bill cited \$4,000 in unpaid claims as evidence of insolvency and asked the court to appoint a receiver.

Premier Agency, of Cleveland has been incorporated by Stella Horndeski, Richard Katcher and Jordan C. Bond.

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Watt Reviews First Year of A&H Advertising Code

(CONTINUED FROM PAGE 6)
C. C. Frazier, and other staff members. Compliance with the ethical code using the interpretative guide as the approach, will answer any reasonable objections and criticisms raised by regulatory bodies which have issued pronouncements on advertising, Mr. Watt said.

In the past few companies had seen the necessity of including in their advertising forms material which they thought tended to detract from the saleability of the insurance offered, but the code calls for a listing of the requirements of major limitations, a thorough explanation of the previous inception clause, and a complete description of cancellability and renewability. However, within a year, special techniques have already been developed and are continuing to develop whereby the public can be properly advised as to what a policy does or does not cover without affecting the sales presentation. The well known system of what some call "negative selling" is being used. Even the limitations of a policy can be presented in an affirmative sales fashion, Mr. Watt observed.

One suggestion has been made to the business practices committee that a seal of approval or some type of symbol might be used by companies in their advertising, indicating they subscribe to the conference code. Mr. Watt said this brings up such questions as should a definite arrangement for review of advertising material be established, with companies submitting all advertising to one agency for such review in order to qualify for the seal? How far should the conference go in perusing advertising now being used? Is there a need for a code or a statement of principles on selling? Are there other areas to which the business practices committee should give attention and study?

FCPL Rates Increased in Seven States, CPL Costs Are Upped in Three

Physical damage to property insurance, an extension of coverage under comprehensive personal liability, farmer's comprehensive personal liability and scheduled personal liability, including farm insurance, was announced today by the National Bureau of Casualty Underwriters on behalf of its member and subscriber companies.

This physical damage to property coverage was effective May 11 in all states except Massachusetts, Minnesota, New Jersey and Texas. It will be effective in Texas June 8. The coverage was also effective May 11 in District of Columbia, Alaska and Puerto Rico.

In addition to the revision of the owners', landlords' and tenants' liability manual to provide rules and rates for the physical damage to property coverage, other rule and rate revisions, including revised rates for comprehensive personal liability and farmer's comprehensive personal liability insurance in certain states, were announced by the bureau.

Effective May 11 FCPL rates increase from \$10 to \$15 in Arkansas, \$10 to \$13 in California, \$16 to \$20 in Connecticut, \$10 to \$15 in Florida and \$10 to \$11 in Maryland, Oregon and Tennessee. CPL rates went from \$10 to \$12 in Florida and \$10 to \$11 in Maryland and Oregon. In Florida, Maryland and Oregon rates for related CPL classifications are correspondingly increased.

Program Given for NAIC Annual Meet May 30-June 3

(CONTINUED FROM PAGE 1)
plans committee report. (3) Other matters regarding federal government. (4) To study enlarging the functions of the assistant secretary's office and methods of financing subcommittee report. (5) To study sites for future NAIC meetings subcommittee report. (6) Special subcommittee report. (7) To study NAIC constitution and by-laws subcommittee report. (8) Blanks committee report. (9) Assistant secretary's report. (10) Recommendation of an assistant secretary-treasurer for election by NAIC.

10:30—Plenary session; President Knowlton, New Hampshire, presiding.

1:30 p.m.—Blanks committee, reports to executive committee; chairman, Robinson, Ohio, vice-chairman, Wells, Indiana. (1) Report on blanks committee meeting March 28-30, 1955.

1:30—Valuation of securities committee; chairman, Pansing, Nebraska, vice-chairman, Humphreys, Massachusetts. (1) Valuation of securities subcommittee report.

3—Fire prevention and safety committee; chairman, Cravey, Georgia, vice-chairman, Goebel, Kentucky. (1) Fire prevention and safety program of Georgia subcommittee report. (2) Use of polygraphs or lie detectors in arson investigations.

3—Federal liaison committee. Joint meeting with jurisdiction of FTC committee. (1) Elect chairman. (2) FTC proceedings against A&H companies. (3) To study the question of the FTC special committee report. (4) Establishment of fair practice rules and regulations by FTC governing advertising.

3—Joint meeting with federal liaison committee to study the question of the jurisdiction of the federal trade commission committee; chairman, President Knowlton, New Hampshire. (1) Report of committee meeting April 6-7, 1955.

4:15—A&H committee; chairman, Martin, Louisiana, vice-chairman, Sheehan, Minnesota. (1) Blue Cross-Blue Shield subcommittee report. (2) To study reserves for guaranteed renewable A&H policies subcommittee report. (3) Report of nationwide survey of A&H complaints. (4) Regulation and self regulation (industry) subcommittee report. (5) Trade conference of commissioners with the A&H industry to devise standard for advertising. (6) Uniform code for regulation of non-profit hospital and medical care plans. (7) Criteria for approval of rates of non-profit hospital and medical plans. (8) The use of inducements to perpetuate the sale of A&H insurance by mail.

4:15—Examinations committee; chairman, Bowles, Virginia. (1) Examinations manual revision subcommittee report. (2) Examinations manual changes subcommittee report. (3) Examination methods, practices and laws subcommittee report.

Wednesday, June 1

9 a.m.—Casualty and surety committee; chairman, Jackson, Maryland, vice-chairman, Mahoney, Maine. (1) Financial responsibility laws on a reciprocal basis between U. S. & Canada subcommittee report. (2) Automobile insurance rates and standard automobile policies as related to an agreement for non-cancellation with leading institutions.

9 a.m.—Unauthorized insurance committee; chairman, Burt, South Dakota, vice-chairman, Kelly, South Carolina. (1) Insurance sales on U. S. military reservations committee report. (2) On mail order insurance in connection with U. S. Senate judiciary committee matter committee report. (3) Undesirable practices of unauthorized insurers.

10:30—Fire and marine committee; chairman, Bisson, Rhode Island, vice-chairman, Gillooly, West Virginia. (1) Installment premium reporting in annual statements subcommittee report. (2) Dealers policies.

1 p.m.—Laws and legislation committee; chairman, Navarre, Michigan, vice-chairman, Hammel, Nevada. (1) Tontine policy control subcommittee report. (2) To study proposed brokers minimum qualifications and licensing bill subcommittee report.

1—Workmen's compensation committee; chairman, Northington, Tennessee, vice-chairman, Mahoney, Maine. (1) Workmen's compensation small policy economies subcommittee report.

2:30—Rates and rating organizations committee; chairman, Sheehan, Minnesota, vice-chairman Northington, Tennessee. (1) Multiple line underwriting subcommittee report. (2) Statistical classifications for sprinklered risks subcommittee report.

4—Definition and interpretation of underwriting powers committee; chairman, Bisson, Rhode Island, vice-chairman, Sheehan, Minnesota. (1) Classification of fire, marine, casualty insurance committee report. (2) Interpretation of the nationwide marine definition committee report.

4—Uniform accounting committee; chairman, Fischer, Iowa, vice-chairman, Navarre, Michigan. (1) Uniform accounting subcommittee report.

Thursday, June 2

9 a.m.—Executive committee; chairman, Taylor, Oregon.

10:30—Zone 1 meeting; chairman, Humphreys, Massachusetts.

10:30—Zone 3 meeting; chairman, Larson, Florida.

10:30—Zone 5 meeting; chairman, Apodaca, New Mexico.

11:15—Zone 2 meeting; chairman, Bowles, Virginia.

11:15—Zone 6 meeting; chairman, Sullivan, Washington.

2:30 p.m.—Plenary session; chairman, President Knowlton, New Hampshire, (1) Committee reports—final action. (2) NAIC elections.

Friday, June 3

9:30 a.m.—Plenary executive session, President Knowlton, New Hampshire, presiding. (1) Committee reports—final action. (2) NAIC elections.

Compulsory Bill in Pa.

A bill that would require compulsory motor vehicle liability insurance has been introduced in the Pennsylvania legislature. The state now has a law providing for the lifting of licenses of drivers involved in accidents unless they prove financial responsibility.

Kern Nominated to Succeed Mead on FTC

WASHINGTON—President Eisenhower has nominated William C. Kern, a Democrat, to succeed former Sen. James Mead of New York as a member of the federal trade commission. Mr. Mead's term expires Sept. 25. In the early stages of the FTC's activities in the A&H field, he was reported as favoring a policy of "going easy" on the industry.

Mr. Kern is now assistant director of the FTC bureau of litigation.

Jackson, Robinson Named by NAIC Zone 2

Zone 2 of National Assn. of Insurance Commissioners at its Baltimore meeting named Jackson of Maryland its representative on the executive committee and Robinson of Ohio to the NAIC liaison committee. Bowles of Virginia continues as chairman.

Claris Adams, executive vice-president and general counsel of American Life Convention, spoke out against the idea that supervision of the insurance business should be taken away from the states and placed in the hands of the federal government.

Dell Olsen Asst. Mgr. Cook County Loss Bureau

Dell Olsen has been named assistant manager of Cook County Loss Adjustment Bureau, Chicago. Mr. Olsen, who has been in the insurance business in Cook County for some 28 years, began with Atlas Assurance as loss superintendent. He subsequently became loss manager for Rollins Burdick Hunter and later maintained his own office as an independent adjuster for about five years. Most recently he was with Underwriters Adjusting for about four years. Mr. Olsen at one time served two terms as secretary-treasurer for Western Loss Assn.

Hunterdon (N. J.) Assn. of Insurance Agents will hold its annual ladies' night May 20 at Ryland inn, Whitehouse.



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FINANCIAL STATEMENT OF THE UNITED STATES BRANCH AT DECEMBER 31, 1954 (As Reported to New York State Insurance Department)

Assets		Liabilities	
\$ 4,086,348.90	U. S. GOVERNMENT BONDS	\$ 1,659,872.50	
420,130.16	OTHER BONDS	793,911.35	
7,058,360.00	STOCKS	927,440.00	
519,310.30	CASH IN BANKS AND OFFICE	281,791.09	
842,830.85	PREMIUMS RECEIVABLE (Not over 90 days due)	30,899.49	
186,304.17	ACCRUED INTEREST AND OTHER ASSETS	59,620.74	
\$13,113,284.38		\$3,753,535.17	
\$ 1,425,777.84	RESERVE—For Unpaid Claims	\$ 356,444.45	
4,236,376.39	RESERVE—For Unearned Premiums	1,059,094.09	
397,633.52	RESERVE—For Taxes and All Other Liabilities	128,811.76	
\$ 6,059,787.75	TOTAL LIABILITIES	1,544,350.30	
\$ 500,000.00	STATUTORY DEPOSIT	\$ 500,000.00	
6,553,496.63	NET SURPLUS	1,709,184.87	
7,053,496.63	SURPLUS TO POLICYHOLDERS	2,209,184.87	
\$13,113,284.38		\$3,753,535.17	

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UNITED STATES BRANCH

STRESS NEED FOR STATE REGULATION

Navarre Scores FTC Methods in Citing A&H Insurers, Public Gets Wrong Impression

TORONTO—The federal trade commission citations against A&H insurers will stress the necessity for administration of insurance at the state level, Commissioner Joseph A. Navarre of Michigan declared in his address before the annual meeting of H&A Underwriters Conference at Toronto.

"The billions of dollars paid annually in premiums, and the social and economic benefits and security they represent, to say nothing of the inter-related financial structures supported by insurance, cannot be permitted to depend for their safety upon a single governmental agency's right to raise academic issues," he added. Mr. Navarre who received a standing ovation for his forthright statements said FTC attacked the advertising of the A&H companies with the understanding that this was the "Peck's bad boy" of the insurance business, but "except on a comparative basis and then only in a very limited sense, it would not be difficult to prove that there are no segments of the business of insurance which could properly qualify for the title of 'Peck's bad boy'—not all companies are operated in the same fashion, but they all have one thing in common. They are all 'regulated,' even though they may not all be regulated in the same fashion nor to the same extent."

Declaring he does not think the companies are entirely free from fault, Mr. Navarre said the A&H business has "acquitted itself most satisfactorily when analyzed in comparison with other older lines of business which have had much greater opportunity to become stabilized and mature and the area of whose problems are and have been much less extensive and complex. Developments within the last year give every indication that the business is growing up. It is showing a willingness to accept its public responsibility."

The FTC citations, he asserted, will probably be remembered as the force which brought unity of purpose and action to the A&H business. The business has had to pause for reflection. It has been "seriously harmed" by what the FTC has done; the damage was not solely to the insurers cited, and "one of the lessons learned—from the conduct of the FTC—was that the power of the federal government through its agencies can be as devastatingly ruinous as it can be beneficial; that an agency of government acting in good faith can be as harmful to the integrity and the business of insurance because of a lack of knowledge of the probable consequences of its irresponsible behavior."

The public reaction to the publicity given the FTC citation was, Mr. Navarre said, completely different from what the agency anticipated. Everything was read into the charges except the issue. "It must have come as something of a shock to the FTC," he observed, "to be so completely and utterly misunderstood in the light of the 'clear unmistakable language' of the official release. It must have been a bit disconcerting too, after having admittedly not made a study or analysis of the complaints on file and to have proceeded to cite insurance companies on the alleged academic disparity between the language of advertising

pieces and the contracts, to realize that the 'public' thought the FTC meant that the companies were insolvent, that the contracts were no good, and that they might just as well let their policies lapse, as they literally did by the hundreds of thousands."

By the character of the business, such action by the federal government as was taken by FTC can retard progress and curtail plans of improvement, the commissioner went on. Lapsation in some companies occurred to the extent of up to 40%. Sales resistance was increased to all companies, and to the cited companies particularly.

"The premiums thus lost can be recovered (only) at great expense over a long period of time, if ever."

Mr. Navarre said he cannot believe FTC would deliberately inflict such hardship on insurance "merely for the sake of asserting its authority." The agency didn't say it had complaints against companies because of the misleading advertising, but, rather that it had many complaints, which were not analyzed in terms of premium volume to determine their authenticity. The only consideration FTC was concerned with in the citations was the language comparisons between the advertising and the policy contracts.

"Irrespective of the merits of the FTC citations," Mr. Navarre said, "it occurs to me that the restriction of its view is such that it becomes a dangerous instrumentality of government if it interferes in the regulation and control of the business of insurance."

For those "who may have other fish to fry," Mr. Navarre commented that it might be appropriate to observe that the tremendous public acceptance of A&H has been attained under the system of state regulation. "The climate, atmosphere and conditions must have been appropriate to permit a growth and development of a business of such magnitude."

The conduct of the A&H business in comparison with older and more mature businesses may seem brash in some areas, Mr. Navarre opined, but critics have not always taken into account the size of the business or the rapidity of its growth.

A&H insurers have had to face unprecedented problems. Individual complaints against the business must be measured in the aggregate if they are to be used as a reliable basis for establishing a pattern of performance. Too often, he said, the individual experience is taken as the customary pattern. Because of the area of exposure, the business is susceptible to misunderstanding and criticism. "No other kind of insurance serves so many individuals in so many ways. No other kind of insurance is called upon to do as many things as often as hospitalization and medical insurance."

The areas of misunderstanding and dissatisfaction on the basis of the experience of the Michigan department fall into the five general categories: Delayed settlement, claim denied, unsatisfactory settlement, refund of premiums, and coverage cancelled.

All of these categories except "delayed settlement" are related in some measure to the understanding or interpretation of the contract, the commissioner pointed out. He said delayed

settlements are usually due to administrative failures in processing the claim. "It is significant that 208 of 990 complaints, or 21% were because of delayed settlements. The automobile insurance business record on that score was 248 of 706 complaints, or approximately 35% of the 44 complaints against life insurance, 25% were because of delayed settlement."

From the files and records of companies Mr. Navarre said it does not appear that a delay in making a settlement is used deliberately as a device and as a part of a dishonest policy to avoid payment of just claims. Department records would reveal such practices quickly if they were employed. It is simply that some companies do better than others in the various areas of relations with their policyholders.

The categories of refund of premium and coverage and coverage cancelled are related to underwriting practices and policies of different companies. Mr. Navarre said of 990 complaints involving A&H or 15.5% were for refund of premium, and 74 or 7.5% for cancellation. This record also varies by insurer depending on the kind of policy offered, kind of business written, methods of operation, volume of business transacted, and other factors. Companies writing individual have more complaints in this area than those doing group because of problems inherent in underwriting individual as distinguished from group.

The percentage of refund of premium and coverage cancelled complaints in Michigan, company by company, case by case, "does not indicate an industry-wide pattern or policy unreasonable or unconscionable in terms of the interest of the public," Mr. Navarre declared. He said, however, that this is an area in which the business would profit from a more clearly defined set of standards and policies established and adhered to on an industry-wide basis. The business has to face up realistically to the problems posed in this area, he said.

The categories of claim denied and unsatisfactory settlement have to do with interpretation or understanding of the contract. The largest percentage of complaints falls in the class of claim denied, 43.2% or 428 out of 990. Unsatisfactory settlements were 154, or 15.6%. These types of complaints are treated with care in the department, Mr. Navarre remarked, and an unreasonable and unjustified failure to pay in accordance with the terms of the contract is a danger signal.

Mr. Navarre said the most significant statistics, based on the department study of all complaints and inquiries directed to his office, are that of the 1053 complaints and inquiries, the department felt 230 were justified. This is 19.3% of justified complaints, or 1 out of 5. "Since our system of survey has been used we have found improvement year by year in the general overall performance of the companies."

In 1953 (the year in which the above figures were compiled) the total premium volume in Michigan for A&H was \$228,550,713. On the basis of 203 justified complaints, Mr. Navarre said this works out to 8.9 justified complaints per \$10 million of premium volume.

In 1953, automobile insurance premiums in Michigan were \$191,389,455. Of the 723 complaints in that line, 123 were considered justified meaning that for auto there were 6.4 justified complaints per \$10 million of business.

Jordan Reviews Trends in Group A&H Field

George R. Jordan of Republic National Life, in his address entitled, "Group Insurance—Today and Tomorrow" told those attending the convention of H&A Underwriters Conference at Toronto, of some of the trends in the business.

The old \$6 and \$7 a day hospital plans and \$140 surgical schedule have been up-graded to \$10 and \$15 for room and surgical schedules in many cases are doubled. These increases are brought about by inflation, by union demands and competition within the business. Some of the newer coverages, such as doctors' calls, diagnostic and x-ray, out-patient hospital care, and special diseases have become more or less standard.

The loss ratio for 1954 is not yet known, but Mr. Jordan said it apparently will be somewhat better than the two previous years. He attributed this to more careful underwriting on new business and educational work done with medical and hospital associations by industry committees.

Certain controls have been helpful to many companies, Mr. Jordan mentioning among these the requirement of past experience on assumed cases before making commitments. Often proposals have been revised after these figures are obtained. Another effective measure for control has been co-insurance, which has had the effect of improving bad cases without necessitating an increase in premiums. The popularity of this system will increase because the theory is sound, he said. What is needed is education.

Mentioning some current problems, Mr. Jordan said statistics indicate that in a few years more than 50% of the population will be unemployed either over-age or under-age. The average hospital plan costs for persons over 65 through an insured plan may be two or three times as great as for other employed groups, and one of the big problems is financing this cost.

Other problems include coverage in rural areas and handling sub-standard risks.

The employee covered under a group plan has his attitude essentially fixed by the line of communication from the company, Mr. Jordan said. This begins when the man is hired and carries through his entire working career. Group insurance can be promoted and explained through letters, circulars and pamphlets, but these are not nearly so effective as personal interviews conducted by supervisors and trained group representatives. If the full value of the policy is fixed in the employee's mind for himself and family, it becomes profitable for the employee, the employer and the insurer. Mr. Jordan said the lesson to be drawn from this is that business now on the books should be evaluated with an eye toward improving it.

Ohio ML Bill Advances

The multiple line bill in Ohio was recommended for passage by the senate insurance committee, after being amended in the manner recommended by Ohio Assn. of Insurance Agents, according to its executive manager, Ted Gray. The measure previously passed the house.

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